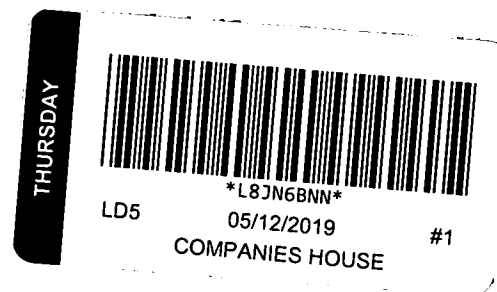


Registration number: 09959968

QBS Technology Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2019



QBS Technology Group Limited

Contents

Company Information	1
Strategic Report	2 to 5
Directors' Report	6
Independent Auditor's Report	7 to 9
Consolidated Statement of Comprehensive Income	10
Consolidated Statement of Financial Position	11
Company Statement of Financial Position	12
Consolidated Statement of Changes in Equity	13
Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16 to 35

QBS Technology Group Limited

Company Information

Directors Mr Graham David Stevinson
Mr Iain Fraser Campbell

Registered office Unit 7 Wharfside
Rosemont Road
Wembley
Middlesex
HA0 4QB

Auditors RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

QBS Technology Group Limited

Strategic Report for the Year Ended 31 March 2019

The directors present the Strategic Report and financial statements of the group for the year ended 31 March 2019.

Business review

QBS Technology Group Limited ("QBS" or "the Company") is a software delivery platform that through its subsidiary companies trades globally from a number of European locations.

On 1 April 2018, the Company's own trade and trading assets were hived down into its subsidiary QBS Software Limited.

On 5 February 2019, the Company acquired the entire share capital of Siener Informatique SAS ("Siener"). Registered in France and trading from a single premises in Paris, Siener is the authorised distributor of over 20 software publishers, principally for France and Belgium.

On 8 February 2019, the Company changed its name from GNR Technology Limited to QBS Technology Group Limited.

On 13 March 2019, the Company acquired 60% of the issued share capital of Zedsphere Limited ("Zedsphere"), which also is a business software distributor but it specialises in supplying "managed IT service providers" (known as MSP's.) An MSP is a company that remotely manages a customer's IT infrastructure and/or end-user systems, typically on a proactive basis and under a subscription model. Zedsphere trades from a single office in Warrington, Cheshire. The remaining 40% of Zedsphere's share capital is held by its Managing Director.

The group continued to expand after the year end.

On 18 July 2019, the Company registered a new 100% subsidiary, QBS Technology Services Limited ("QBSTSL"). QBSTSL is registered in Ireland. Subsequently, QBSTSL opened an office in Cork city from where it will assist with a number of group functions, including publisher acquisition, development and management.

On 24 July 2019, the Company acquired the entire share capital of UAB Laknova ("Laknova"). Registered in Lithuania and based in premises in Visaginas in North East Lithuania, Laknova distributes software on behalf of a number of publishers throughout the Baltics, Scandinavia and Russia.

Through its acquisitions programme as well as significant organic growth, the group is already the leading independent distributor of niche tier two and tier three business software in Europe and is actively pursuing further acquisition opportunities in continental Europe with a view to having a fully pan-European footprint within two years.

Both of the acquisitions during the year as well as the subsequent Laknova acquisition were financed from the group's existing facilities.

During the year, the group continued to invest through QBS Software Limited in the development of its software delivery platform to enhance process automation, enhance functionality and improve customer experience. The ERP/CRM/RPA upgrade and roll out is progressing to unify systems across all group companies.

QBS Technology Group Limited

Strategic Report for the Year Ended 31 March 2019

Key performance indicators ("KPI") for the year are as follows:

	Group £
Turnover	64,112,815
Gross profit	5,588,907
Gross profit percentage	8.7%
Operating profit before goodwill amortisation	1,715,190

KPI comparisons to the previous period are limited due to unequal period lengths, differing year-ends, acquisitions part-way through periods and non-recurring factors. However, like-for-like turnover in the combined QBS/GNR business in the year was around 23% higher than the annualised turnover for the previous twelve months.

At 31 March 2019, stock, almost all of which is held by QBS Software Limited for the GNR business, was £1,247,002, a significant increase on the GNR stock held by the Company at 31 March 2018 of £318,314. However, several stock purchases were volume year end stocking orders to obtain favourable pricing, so the level does fluctuate. The average month-end stock balance during the year was approximately £720,000.

Average month-end debtor days in QBS Software Limited during the year were 53 days and average month-end creditor days were 34. Debtor days moved adversely during the year, due to favourable terms being offered to customers.

As a result of the increased working capital invested in stock and debtors at the year-end, the group cash generated from operations before acquisition-related items of £836,215 was significantly lower than the group EBITDA of £1,747,380. However, this was due in part to the unusually high year-end stockholding and to an exceptionally strong March performance in sales of software in digital format (which is not held in stock) leading to exceptionally high debtors at the year-end.

As at 31 March 2019, the group had net debt of £4.5m, compared to the equivalent figure of approximately £3.7m at the start of the year. The increase in net debt at the year-end was due to the increased working capital requirement at the year-end referred to above (some of which was temporary) and to the purchase of Siener and Zedsphere.

Principal risks and uncertainties

The following paragraphs set out what the directors consider the principal risks and uncertainties in the group's business to be and the steps the group takes to mitigate them.

1. Vendor/publisher, supplier and customer dependence

The group is principally a channel distributor of software, ie it distributes products sourced from third parties principally to resellers/solution partners/system integrators. Accordingly it has a number of supplier and customer relationships that are individually material to business performance. However, there are more than 8,000 publishers, with no single one of them representing more than 5% of the group's gross profit and more than 3,870 reseller customers, with no single one representing more than 10% of gross profit. The group's growth strategy is both to seek to increase business with existing partners (publishers & customers) and to seek to introduce new relationships (both by organic growth and acquisition) to broaden the business base further.

QBS Technology Group Limited

Strategic Report for the Year Ended 31 March 2019

2. Credit risk and availability of trade credit

The group maintains credit insurance cover on all material customer credit risk that it assumes. This means that the group has only minimal trade credit risk exposure to customers. There is a risk that insurance cover on the group's trade credit exposure could be reduced or withdrawn either across the board or specifically in relation to one or more large customers, leading to a loss of business or to the group having to take increased credit exposure itself, or a combination of both.

Some of the group's suppliers maintain insurance cover on the provision of trade credit to the group. Whilst there have been no difficulties during the year in the group's suppliers obtaining credit insurance cover on credit sales to group companies despite the significant growth in business volumes, were the availability of such credit insurance cover to be restricted, this would increase the group's working capital requirement.

The group seeks to manage these risks through strict credit vetting and credit limits and by seeking to have an active dialogue with the credit insurance industry.

3. Foreign currency risk

A significant proportion of the group's trading (both sales and purchases) is undertaken in US Dollars and some is undertaken in Euros. Fluctuations in the value of Sterling against the Dollar or Euro therefore present the following risks:

- i. That the Sterling value of transactions undertaken on account terms in Dollars or Euros will be subject to exchange differences due to currency fluctuations between the date each transaction takes place and the date at which payment is made; and
- ii. That the group's gross margins will be affected by currency fluctuations where the group buys in one currency but sells in another and the currency fluctuation is not or cannot be passed onto the customer.

The group's activities incorporate a degree of natural hedging because it both sells and buys in two foreign currencies as well as Sterling. Also, most of the group's trading activity is undertaken using standard exchange rates that are set periodically by management and intended to incorporate a degree of insurance against exchange rate fluctuations between the date of transaction and the settlement date.

Management monitor the remaining exposure with a view to entering into currency hedging arrangements where any risk is believed to be excessive.

Management's practice has generally been to seek to pass on any increase in the Sterling price of the group's products to customers, and their experience has generally been that the group's competitors will do the same and that any cost increases due to currency fluctuations will ultimately be passed on through the supply chain to end-users. There remains a risk that a sudden major change in exchange rates could disrupt the market and affect margins.

4. IT systems

The group is technology-enabled and highly reliant on its IT systems for all aspects of its business. Any disruption to the IT systems (eg through hardware failure, interruption of communications links or cyber-attack) could have a significant adverse effect on the group's business. The group has a new IT infrastructure duplicated across a multi-site hybrid cloud coupled with dual geography on-premise backups/disaster recovery.

QBS Technology Group Limited

Strategic Report for the Year Ended 31 March 2019

5. Working capital

Although the group holds a relatively modest inventory level and therefore has a favourable working capital dynamic compared to many other businesses, nevertheless it has to provide substantial trade credit facilities to its large customers. Currently this is financed through internally-generated cash, supplier trade credit and invoice discounting facilities. During the year the group traded comfortably within these facilities despite having an increased working capital requirement and making two cash acquisitions. Should the availability of working capital facilities or trade credit be constrained in the future, this could affect the group's ability to source products and provide trade credit to large customers.

The report was approved by the board on 4/12/17 and signed on its behalf by:



.....
Mr Graham David Stevinson
Director

QBS Technology Group Limited

Directors' Report for the Year Ended 31 March 2019

The directors present their report and financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The directors acknowledge their responsibilities 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 Company and group 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 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 group and the 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 the 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 the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors of the Group

The director who held office during the year was as follows:

Mr Graham David Stevinson


Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that so far as they are aware, there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

The auditor, RSM UK Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2016.

Approved and signed on behalf of the board on 4.12.19


.....
Mr Graham David Stevinson
Director

QBS Technology Group Limited

Independent Auditor's Report to the Members of QBS Technology Group Limited

Opinion

We have audited the financial statements of QBS Technology Group Limited (the 'Company' or the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 March 2019 and of the 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

QBS Technology Group Limited

Independent Auditor's Report to the Members of QBS Technology Group Limited

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of directors

As explained more fully in the Directors' Report set out on pages 6 to 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

QBS Technology Group Limited

Independent Auditor's Report to the Members of QBS Technology Group Limited

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

RSM UK Audit LLP

.....
Paul Watts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

25 Farringdon Street
London
EC4A 4AB

Date: *4/12/19*

QBS Technology Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2019

	Note	Total 31 March 2019 £	3 Months ended 31 March 2018 £
Turnover	3	64,112,815	10,857,081
Cost of sales		<u>(58,523,908)</u>	<u>(9,819,775)</u>
Gross profit		5,588,907	1,037,306
Distribution costs		(68,802)	(21,627)
Administrative expenses		<u>(4,189,518)</u>	<u>(768,577)</u>
Operating profit	4	1,330,587	247,102
Other interest receivable and similar income	6	151	1,138
Interest payable and similar expenses	7	<u>(132,927)</u>	<u>(21,624)</u>
Profit before tax		1,197,811	226,616
Taxation	10	<u>(179,460)</u>	<u>(36,889)</u>
Profit for the financial year		1,018,351	189,727
Foreign currency translation gains/(losses)		<u>(8,013)</u>	<u>-</u>
Total comprehensive income		<u><u>1,010,338</u></u>	<u><u>189,727</u></u>
Profit/(loss) attributable to:			
Owners of the Company		1,013,666	189,727
Minority interests		<u>4,685</u>	<u>-</u>
		<u><u>1,018,351</u></u>	<u><u>189,727</u></u>
Total comprehensive income attributable to:			
Owners of the Company		1,005,653	189,727
Minority interests		<u>4,685</u>	<u>-</u>
		<u><u>1,010,338</u></u>	<u><u>189,727</u></u>

The above results were derived from continuing operations.

QBS Technology Group Limited

(Registration number: 09959968)

Consolidated Statement of Financial Position as at 31 March 2019

	Note	31 March 2019 £	31 March 2018 £
Fixed assets			
Intangible assets	11	4,453,154	3,610,269
Tangible assets	12	<u>86,155</u>	<u>30,686</u>
		<u>4,539,309</u>	<u>3,640,955</u>
Current assets			
Stocks	14	1,247,002	318,314
Debtors	15	17,183,884	9,535,560
Cash at bank and in hand	16	<u>1,580,229</u>	<u>1,016,511</u>
		20,011,115	10,870,385
Creditors: Amounts falling due within one year	17	<u>(22,500,515)</u>	<u>(13,486,542)</u>
Net current liabilities		<u>(2,489,400)</u>	<u>(2,616,157)</u>
Total assets less current liabilities		2,049,909	1,024,798
Provisions for liabilities	18	<u>(24,961)</u>	<u>(5,351)</u>
Net assets		<u>2,024,948</u>	<u>1,019,447</u>
Capital and reserves			
Called up share capital	21	100	100
Other reserves	22	(8,013)	-
Profit and loss account		<u>2,033,013</u>	<u>1,019,347</u>
Equity attributable to owners of the Company		2,025,100	1,019,447
Minority interests		<u>(152)</u>	<u>-</u>
Total equity		<u>2,024,948</u>	<u>1,019,447</u>

Approved and authorised on behalf of the board on 4.12.19 and signed on its behalf by:



Mr Graham David Stevinson
Director

The notes on pages 16 to 35 form an integral part of these financial statements.

QBS Technology Group Limited

(Registration number: 09959968)

Company Statement of Financial Position as at 31 March 2019

	Note	31 March 2019 £	31 March 2018 £
Fixed assets			
Investments	13	8,406,187	6,830,267
Current assets			
Stocks	14	-	311,607
Debtors	15	79,644	1,533,512
Cash at bank and in hand	16	13,435	90,798
		<u>93,079</u>	<u>1,935,917</u>
Creditors: Amounts falling due within one year	17	<u>(7,602,715)</u>	<u>(7,813,389)</u>
Net current liabilities		<u>(7,509,636)</u>	<u>(5,877,472)</u>
Net assets		<u>896,551</u>	<u>952,795</u>
Capital and reserves			
Called up share capital	21	100	100
Profit and loss account		<u>896,451</u>	<u>952,695</u>
Total equity		<u>896,551</u>	<u>952,795</u>

The Company made a loss after tax for the financial year of £56,244 (2018 - profit of £123,075).

Approved and authorised by the board on 4.12.19 and signed on its behalf by:



Mr Graham David Stevinson
Director

QBS Technology Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2019

	Called up share capital £	Other reserves (Note 22) £	Profit and loss account £	Equity attributable to owners of the parent £	Non- controlling interests £	Total equity £
At 1 April 2018	100	-	1,019,347	1,019,447	-	1,019,447
Profit for the year	-	-	1,013,666	1,013,666	4,685	1,018,351
Other comprehensive income	-	(8,013)	-	(8,013)	-	(8,013)
Non-controlling interest arising on business combination (Note 25)	-	-	-	-	(4,837)	(4,837)
At 31 March 2019	<u>100</u>	<u>(8,013)</u>	<u>2,033,013</u>	<u>2,025,100</u>	<u>(152)</u>	<u>2,024,948</u>

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2018

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	100	829,620	829,720
Profit for the period	-	189,727	189,727
Other comprehensive income	-	-	-
At 31 March 2018	<u>100</u>	<u>1,019,347</u>	<u>1,019,447</u>

The notes on pages 16 to 35 form an integral part of these financial statements.

QBS Technology Group Limited

Company Statement of Changes in Equity for the Year Ended 31 March 2019

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2018	100	952,695	952,795
Loss for the year	-	(56,244)	(56,244)
Other comprehensive income	-	-	-
At 31 March 2019	<u>100</u>	<u>896,451</u>	<u>896,551</u>

Company Statement of Changes in Equity for the Year Ended 31 March 2018

	Called up share capital £	Profit and loss account £	Total £
At 1 January 2018	100	829,620	829,720
Profit for the period	-	123,075	123,075
Other comprehensive income	-	-	-
At 31 March 2018	<u>100</u>	<u>952,695</u>	<u>952,795</u>

The notes on pages 16 to 35 form an integral part of these financial statements.

QBS Technology Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the year	1,018,351	189,727
Adjustments to cash flows from non-cash items:		
Amortisation of intangible assets	392,676	62,237
Depreciation of tangible assets	24,117	5,962
Interest paid	132,927	21,624
Interest received	(151)	(1,138)
Taxation charge	179,460	36,889
Decrease/(increase) in stocks	(920,134)	266,480
(Increase)/decrease in debtors	(6,799,904)	(3,073,926)
Increase/(decrease) in creditors	6,808,873	2,678,498
Cash outflow from acquisition related activities (Note 25)	(109,740)	(55,389)
Cash generated from operations	726,475	130,964
Tax paid	(55,684)	-
Net cash flow from operating activities	670,791	130,964
Cash flows from investing activities		
Interest received	151	1,138
Purchase of intangible fixed assets	(74,568)	-
Purchase of tangible fixed assets	(65,848)	(9,379)
Purchase of group companies (Note 25)	(1,650,795)	(3,276,224)
Net cash flows from investing activities	(1,791,060)	(3,284,465)
Cash flows from financing activities		
Movement on invoice discounting	1,819,725	4,115,784
Interest paid	(132,927)	(21,624)
Net cash flows from financing activities	1,686,798	4,094,160
Effect of exchange rate fluctuations on cash held	(2,811)	-
Net increase in cash and cash equivalents	563,718	940,659
Cash and cash equivalents at beginning of period	1,016,511	75,852
Cash and cash equivalents at 31 March	1,580,229	1,016,511

The notes on pages 16 to 35 form an integral part of these financial statements.

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

1 General information

The Company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

Unit 7 Wharfside
Rosemont Road
Wembley
Middlesex
HA0 4QB

QBS Technology Group Limited ('the Company') is the holding company of a group of IT distributors providing representation, services and fulfilment for leading software publishers and hardware manufacturers.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2019.

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Summary of disclosure exemptions

QBS Technology Group Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a Company Statement of Comprehensive Income, presentation of a cashflow statement and remuneration of key management personnel.

Judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing the Financial Statements the directors made the following judgements:

- **Fair values on acquisition of Siener Informatique SAS ("Siener")**

The fair value of tangible and intangible assets acquired on the acquisition of Siener involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of the fair values requires a combination of assumptions including revenue growth, sales mix and volumes, rental values and increases and customer attrition rates. In addition the use of discount rates requires judgement.

- **Impairment of intangible assets and goodwill**

The group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGU's). This requires estimation of the future cash flows from the CGU's and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future periods.

Foreign currency transactions and balances

The Financial Statements are presented in Sterling, the group's functional currency.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'.

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profit or losses at average rates are recognised in other comprehensive income and allocated to non-controlling interest as appropriate.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in the respect of the transaction can be measured reliably.

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Finance income and costs policy

Finance income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

Finance costs are charged in the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Defined contribution pension plans

The group operates defined contribution plans under which fixed contributions are paid into pension funds and the group has no legal or constructive obligation to pay further contributions even if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Tax

The tax expense for the year comprises current tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except:

- That the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- That any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the difference between the fair values of assets acquired and the future tax deductions available for them and the difference between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired business, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Computer software	33% Straight-line basis
Goodwill	10% Straight-line basis
Other intangible assets	20% Straight-line basis

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Tangible assets

Tangible assets are stated in the Statement of Financial Position at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost less their residual values of assets other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	33% Straight-line basis
Furniture, fittings and equipment	20% Straight-line basis

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Inventories

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairments, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2019 £	2018 £
Sale of goods	62,898,021	10,758,324
Rendering of services	<u>1,214,794</u>	<u>98,757</u>
	<u>64,112,815</u>	<u>10,857,081</u>

The analysis of the group's turnover for the year by market is as follows:

	2019 £	2018 £
UK	52,803,310	9,267,960
Rest of Europe	<u>11,309,505</u>	<u>1,589,121</u>
	<u>64,112,815</u>	<u>10,857,081</u>

4 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Foreign exchange losses/(gains)	<u>50,949</u>	<u>(96,370)</u>

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	2,278,072	1,797,510
Social security costs	250,948	184,939
Pension costs, defined contribution scheme	<u>80,274</u>	<u>30,059</u>
	<u>2,609,294</u>	<u>2,012,508</u>

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

The average number of persons employed during the year by the group (including the single director who served during the year), analysed by category was as follows:

	2019 No.	2018 No.
Management, finance, administration and IT	22	21
Sales, customer services and procurement	40	38
	<u>62</u>	<u>59</u>

6 Other interest receivable and similar income

	2019 £	2018 £
Interest income on bank deposits	151	1,138

7 Interest payable and similar expenses

	2019 £	2018 £
Interest on bank overdrafts and borrowings	132,927	21,624

8 Director's remuneration

The director's remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	9,999	281,321
Contributions paid to defined contribution pension schemes	37,833	1,742
	<u>47,832</u>	<u>283,063</u>

In the period ended 31 March 2018, the remuneration of the highest paid director was £116,573, including pension contributions of £Nil.

9 Auditors' remuneration

	2019 £	2018 £
Audit of these financial statements	32,500	15,350
Other fees to auditors		
Statutory accounts and tax compliance	5,000	2,400
Management accountancy	-	1,800
	<u>5,000</u>	<u>4,200</u>

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

10 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK Corporation Tax on profit for the year	165,327	31,538
Adjustments in respect of previous periods	<u>(5,477)</u>	<u>-</u>
	<u>159,850</u>	<u>31,538</u>
Deferred taxation		
Origination and reversal of timing differences	18,980	188
Adjustments in respect of previous periods	<u>630</u>	<u>5,163</u>
	<u>19,610</u>	<u>5,351</u>
Taxation on profit on ordinary activities	<u><u>179,460</u></u>	<u><u>36,889</u></u>

Tax assessed for the year is lower than (2018 - lower than) the standard rate of Corporation Tax in the UK for the year ended 31 March 2019 of 19% (2018 - 19%).

The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,197,811</u>	<u>226,616</u>
Profit on ordinary activities multiplied by the standard rate of Corporation Tax in the UK of 19% (2018 - 19%)	227,584	43,057
Effects of:		
Expenses not deductible for tax purposes	90,093	15,771
Utilisation of brought forward tax losses	(2,219)	-
Foreign corporation tax on profits for the year	16,458	-
Unrecognised deferred tax	-	188
Enhanced expenditure relief on research and development costs	(147,639)	(27,290)
Adjustments to tax charge in respect of prior periods	(5,447)	5,163
Re-measurement of deferred tax - change in UK rate	<u>630</u>	<u>-</u>
Total tax charge for year	<u><u>179,460</u></u>	<u><u>36,889</u></u>

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

11 Intangible assets - group

	Goodwill £	Software costs £	Other intangible assets £	Total £
Cost or valuation				
At 1 April 2018	3,667,486	5,022	-	3,672,508
Additions acquired separately	-	74,568	-	74,568
Acquired through business combinations	<u>1,140,329</u>	<u>-</u>	<u>20,664</u>	<u>1,160,993</u>
At 31 March 2019	<u>4,807,815</u>	<u>79,590</u>	<u>20,664</u>	<u>4,908,069</u>
Amortisation				
At 1 April 2018	61,124	1,115	-	62,239
Charge for the year	<u>384,603</u>	<u>6,748</u>	<u>1,325</u>	<u>392,676</u>
At 31 March 2019	<u>445,727</u>	<u>7,863</u>	<u>1,325</u>	<u>454,915</u>
Carrying amount				
At 31 March 2019	<u>4,362,088</u>	<u>71,727</u>	<u>19,339</u>	<u>4,453,154</u>
At 31 March 2018	<u>3,606,362</u>	<u>3,907</u>	<u>-</u>	<u>3,610,269</u>

12 Tangible assets - group

	Furniture, fittings and equipment £	Plant and machinery £	Total £
Cost or valuation			
At 1 April 2018	11,124	25,524	36,648
Additions	16,952	48,896	65,848
Acquired through business combinations (Note 25)	<u>13,738</u>	<u>-</u>	<u>13,738</u>
At 31 March 2019	<u>41,814</u>	<u>74,420</u>	<u>116,234</u>
Depreciation			
At 1 April 2018	1,042	4,920	5,962
Charge for the year	<u>4,825</u>	<u>19,292</u>	<u>24,117</u>
At 31 March 2019	<u>5,867</u>	<u>24,212</u>	<u>30,079</u>
Carrying amount			
At 31 March 2019	<u>35,947</u>	<u>50,208</u>	<u>86,155</u>
At 31 March 2018	<u>10,082</u>	<u>20,604</u>	<u>30,686</u>

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

13 Fixed asset investments

	31 March 2019 £	31 March 2018 £
Ordinary shares in subsidiary undertakings	<u>8,406,187</u>	<u>6,830,267</u>
		£
Cost or valuation		
At 1 April 2018		6,830,267
Additions		<u>1,575,920</u>
At 31 March 2019		<u>8,406,187</u>
Provision for impairment		
At 1 April 2018		-
Impairment		<u>-</u>
At 31 March 2019		<u>-</u>
Carrying amount		
At 31 March 2019		<u>8,406,187</u>
At 31 March 2018		<u>6,830,267</u>

A full list of subsidiary undertakings can be found at Note 28.

14 Stocks

	Group		Company	
	31 March 2019 £	31 March 2018 £	31 March 2019 £	31 March 2018 £
Finished goods and goods for resale	<u>1,247,002</u>	<u>318,314</u>	<u>-</u>	<u>311,607</u>

15 Debtors

		Group		Company	
	Note	31 March 2019 £	31 March 2018 £	31 March 2019 £	31 March 2018 £
Trade debtors		16,242,031	9,239,903	-	1,351,270
Amounts owed by related parties	24	-	-	50,000	171,226
Other debtors		66,145	186,892	15,644	-
Prepayments		<u>875,708</u>	<u>108,765</u>	<u>14,000</u>	<u>11,016</u>
		<u>17,183,884</u>	<u>9,535,560</u>	<u>79,644</u>	<u>1,533,512</u>

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

16 Cash and cash equivalents

	Group		Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£	£	£	£
Cash at bank	<u>1,580,229</u>	<u>1,016,511</u>	<u>13,435</u>	<u>90,798</u>

17 Creditors

		Group		Company	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Note	£	£	£	£
Due within one year					
Loans and borrowings		6,094,755	4,275,030	-	351,614
Trade creditors		13,282,438	6,074,520	-	180,273
Amounts due to related parties		-	-	7,546,646	6,375,237
Social security and other taxes		1,486,100	1,174,554	-	76,357
Other creditors		1,005,344	1,115,318	-	588,566
Accruals		467,222	654,377	52,081	48,599
Corporation Tax	10	<u>164,656</u>	<u>192,743</u>	<u>3,988</u>	<u>192,743</u>
		<u>22,500,515</u>	<u>13,486,542</u>	<u>7,602,715</u>	<u>7,813,389</u>

The following liabilities were secured:

	Group		Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	£	£	£	£
Invoice discounting	<u>6,094,755</u>	<u>4,275,030</u>	<u>-</u>	<u>351,614</u>

Amounts payable under invoice discounting arrangements are secured by way of fixed and floating charges covering all the property or undertakings of the Company and QBS Software Limited.

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

18 Provision for liabilities

The group had the following provisions during the year:

	Deferred tax £
At 1 April 2018	5,351
Additional dealt with in profit and loss	19,610
Business combinations	-
At 31 March 2019	<u>24,961</u>

The provision for deferred tax consists of the following deferred tax liabilities:

	31 March 2019 £	31 March 2018 £
Accelerated capital allowances	<u>24,961</u>	<u>5,351</u>

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

19 Financial instruments

Group

	31 March 2019 £	31 March 2018 £
Financial assets that are debt instruments measured at amortised cost	<u>17,905,006</u>	<u>9,290,475</u>

Financial liabilities measured at amortised cost

<u>(20,866,360)</u>	<u>(12,119,246)</u>
---------------------	---------------------

Company

	31 March 2019 £	31 March 2018 £
Financial assets that are debt instruments measured at amortised cost	<u>79,079</u>	<u>1,422,496</u>

Financial liabilities measured at amortised cost

<u>(7,598,727)</u>	<u>(7,544,287)</u>
--------------------	--------------------

20 Pension and other schemes

Defined contribution pension schemes

The group operates defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the group to the schemes and amounted to £80,274 (2018 - £30,059).

21 Share capital

	31 March 2019		31 March 2018	
	No.	£	No.	£
Allotted, called up and fully paid ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

22 Reserves

Group Other reserves

The changes to other reserves resulting from items of other comprehensive income for the current year were as follows:

	£
Foreign currency translation gains/(losses)	<u>(8,013)</u>

23 Commitments under operating leases

Group

The group had future minimum lease payments under non-cancellable operating leases as follows:

	31 March 2019 £	31 March 2018 £
Not later than one year	63,925	37,500
Later than one year and not later than five years	78,098	-
Later than five years	<u>3,217</u>	<u>-</u>
	<u>145,240</u>	<u>37,500</u>

The amount of operating lease payments recognised as an expense during the year was £62,917 (2018 - £7,811).

24 Related party transactions

Group

The Company is party to a cross-guarantee agreement, along with its subsidiary, QBS Software Limited, in respect of the QBS Software Limited invoice discounting facilities.

Zedsphere

During the year the Company made a loan of £50,000 to Zedsphere Limited, which is 60% owned by the Company. At the year end Zedsphere owed the Company £50,000.

Common control entities

During the year QBS Software Limited hired equipment and purchased assets and management services from a company under common control. Expenditure incurred in relation to this totalled £207,126 (2018: £10,642) for the year. £150,000 was owed to QBS Software Limited in respect of this at the year end.

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly-owned within the group.

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

25 Business combinations

On 5 February 2019, the group acquired 100% of the issued share capital of Siener Informatique SAS ("Siener").

Siener contributed £1,102,685 revenue and £(16,304) to the group's profit for the period between the date of acquisition and the balance sheet date.

On 19 March 2019, the group acquired 60% of the issued share capital of Zedsphere Limited ("Zedsphere"). Zedsphere contributed £140,856 revenue and £11,713 to the group's profit for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Siener 5 February 2019 £	Zedsphere 19 March 2019 £	Total
Assets and liabilities acquired			
Intangible assets (website)	21,485	-	21,485
Tangible fixed assets	6,632	7,106	13,738
Cash and cash equivalents	132,642	82,743	215,385
Stock	8,707	-	8,707
Trade and other debtors	940,734	91,613	1,032,347
Trade and other creditors	(667,353)	(193,555)	(860,908)
Total identifiable assets	<u>442,847</u>	<u>(12,093)</u>	<u>430,754</u>
Non-controlling interest	-	4,837	4,837
Goodwill	<u>997,392</u>	<u>142,937</u>	<u>1,140,329</u>
Total consideration	<u><u>1,440,239</u></u>	<u><u>135,681</u></u>	<u><u>1,575,920</u></u>

The above figures represent both the book value and the fair value of the identifiable assets acquired and liabilities assumed.

The useful life of goodwill is 10 years.

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

	Siener 5 February 2019 £	Zedsphere 19 March 2019 £	Total
Satisfied by:			
Cash	1,345,580	120,600	1,466,180
Directly attributable costs	<u>94,659</u>	<u>15,081</u>	<u>109,740</u>
Total consideration transferred	<u><u>1,440,239</u></u>	<u><u>135,681</u></u>	<u><u>1,575,920</u></u>

	Siener 5 February 2019 £	Zedsphere 19 March 2019 £	QBS Software £	Total
Cash flow analysis:				
Cash consideration	1,345,580	120,600	-	1,466,180
Less: cash and cash equivalent balances acquired	<u>(132,642)</u>	<u>(82,743)</u>	<u>-</u>	<u>(215,385)</u>
Net cash outflow arising on acquisitions made during the year	1,212,938	37,857	-	1,250,795
Deferred consideration on the purchase of QBS Software Limited in prior period	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Net cash outflows on acquisitions	<u><u>1,212,938</u></u>	<u><u>37,857</u></u>	<u><u>400,000</u></u>	<u><u>1,650,795</u></u>

26 Non-controlling interests

Group

The movement on non-controlling interest was as follows:

	2019 £
2019	
At 1 April 2018	-
Acquisition of Zedsphere Limited (Note 25)	(4,837)
Total comprehensive income attributable to non-controlling interest	<u>4,685</u>
At 31 March 2019	<u><u>(152)</u></u>

	2018 £
2018	
At 1 January 2018	-
At 31 March 2018	-

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

27 GNR business

On 1 April 2018, the Company sold the trade and assets of the GNR Technology division to its subsidiary QBS Software Limited at book value of £900,257. The consideration was charged to intercompany loan account.

28 Subsidiary undertakings

The Company has investments in the subsidiary undertakings set out below:

Subsidiary Undertaking	Registered office	Principal activity	Percentage holding (all direct)
QBS Software Limited	7 Wharfside Rosemont Road Wembley Middlesex HA0 4QB United Kingdom	IT distribution	100%
Siener Informatique	51 Rue Hoche 94200 Ivry-sur-Seine France	Software distribution	100%
Zedsphere Limited	Unit 7 Wharfside Rosemont Road Wembley England HA0 4QB	Software distribution	60%
UAB Laknova (Acquired 24 July 2019)	Statybininku g. 5-43 LT-31137 Visaginas Lithuania	Software distribution	100%
QBS Technology Services Limited (Incorporated 18 July 2019)	Building 1000 Units 1201 & 1202 City Gate Mahon Cork T12 W7CV Ireland	Provision of management and procurement services	100%

29 Non adjusting events after the financial period

On 24 July 2019, the group acquired the entire share capital of UAB Laknova for total consideration of £97,474. Trading from its single premises in Visaginas, Lithuania, UAB Laknova sells and distributes third party computer software.

QBS Technology Group Limited

Notes to the Financial Statements for the Year Ended 31 March 2019

30 Controlling party

The Company is controlled by G D Stevinson.