Registered number: 2530527

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

FOR

QUALITY LEISURE MANAGEMENT LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

QUALITY LEISURE MANAGEMENT LIMITED

COMPANY INFORMATION
for year ended 31 March 2020

DIRECTORS:	S A King N C Coote L Simmonds
SECRETARY:	SGH Company Secretaries Limited
REGISTERED OFFICE:	The Old Church 31 Rochester Road Aylesford Kent ME20 7PR
REGISTERED NUMBER:	2530527 (England and Wales)
AUDITOR:	Crowe U.K. LLP Chartered Accountants & Registered Auditors Riverside House 40-46 High Street Maidstone Kent ME14 1JH

REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company in the year under review was that of consultancy to the tourism and leisure industry.

REVIEW OF BUSINESS

QLM made a profit before tax and central management charges of £75,711, compared to £106,576 in the previous year.

Retained client renewals remained largely the same in comparison to the previous period. Small deviations are seen as contracts between local authorities and QLM clients change, or smaller clients are absorbed by larger operators but there remains a strong need for the Company's expertise with clients placing significant reliance on QLM's services.

Although the support service remains a stable source of income, audit income fell significantly compared to the same period last year. Savings and cost cutting exercises across many local authorities has seen a knock-on effect to the resources of leisure trusts and other QLM clients. In addition, auditing functions are more frequently tackled internally by clients leading to less need for external verification and auditing. The impact of COVID-19 remains to be seen and will depend on what support is given to the sector by local authorities and central government.

Training is a core income stream and remained generally consistent with previous years. The most popular courses were IOSH Managing Safely and QLM's own (CIMSPA Endorsed) Health and Safety Management in Leisure and Culture Facilities.

One full-time consultant left the business in October 2019 and was not replaced which led to greater use of sub-contractors.

QUALITY LEISURE MANAGEMENT LIMITED
for the year ended 31 March 2020

REPORT OF THE DIRECTORS

KEY PERFORMANCE INDICATORS	Notes	31.3.20 £	31.3.19 £
Earnings before interest, tax, depreciation and amortization (EBITDA)		54,640	71,576
Add back: management charge from PHSC plc		24,000	35,000
	a	**78,640**	**106,576**
Turnover		353,439	437,655
Gross profit		225,538	276,884
Gross profit margin *(gross profit / turnover)*	b	**64%**	**63%**
Trade debtors		46,039	69,251
Trade debtors excluding VAT		38,366	57,709
Debtor days *(trade debtors excluding VAT / turnover x 365)*	c	**40**	**48**
Current assets		198,943	327,410
Less: amounts owed by group companies		(412)	(6,173)
		198,531	321,237
Current liabilities		141,164	131,351
Amounts owed to group companies		(6,865)	(7,829)
		134,299	123,522
Current ratio *(current assets / current liabilities)(excluding balances with group co's)*	d	**1.5**	**2.6**
Staff statistics (excluding directors)	e		
Joiners during the year		-	-
Leavers during the year		-	1
Average length of service per staff member (years)		6	5

Notes:

(a) The key figure for profitability used by the directors and management team is EBITDA with the management charges from PHSC plc added back. This figure forms the basis of announcements of the consolidated group results to investors.

(b) The gross profit margin is tracked on a monthly basis as this reflects the core profitability of the Company and illustrates the financial success of the services being provided by QLM. There was a 1% increase in the gross profit margin during the year.

(c) Debtor days shows how quickly sales are converted into cash; QLM currently waits on average 1.5 months to be paid.

(d) The current ratio is used to monitor the liquidity of QLM. Cash reserves reduced significantly during the year as a result of payment of a dividend of £175k (2019: £70k) to the holding company. Despite this, the figure of 1.5 suggests that QLM can continue to comfortably meet its short-term obligations.

(e) The staff team has been stable during the year.

REPORT OF THE DIRECTORS

DIVIDENDS
A dividend of £175,000 (2019 – £70,000) was paid to the holding company, PHSC plc, during the year.

DIRECTORS
The directors during the year under review were:

S A King
N C Coote
L Simmonds

INTERNAL CONTROLS
The directors acknowledge their responsibilities for the Company's systems of internal control. The directors consider all major business and financial risks and resolve strategic decisions. Accepting that no system of control can provide absolute assurance against material misstatement or loss, the directors believe that the established systems for internal control within the Company are appropriate to the business.

PRINCIPAL RISKS AND UNCERTAINTIES
The management of the business and the execution of the Company's strategy are subject to several risks and uncertainties. As the Company is a 100% subsidiary of PHSC plc, it is appropriate to consider these in the context of the Group as a whole. Further discussion is provided in note 1 to the financial statements of the Group's annual report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union 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 and loss for that period. In preparing the financial statements, the directors are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

GOING CONCERN
The COVID-19 pandemic had an immediate effect on the trading activities of QLM. Training courses had to be cancelled, assignments in leisure facilities put on hold and all staff, except for the managing director, furloughed. In terms of profit, a relatively small impact was felt in the year ended 31 March 2020 but forecasts for the new financial year have had to be significantly revised. Mitigating factors are the continuation of subscription income such as the Health and Safety Support Service, the resurrection of advice to leisure facilities as they reopen and the government job retention and business grant schemes. The rolling forecast shows that the QLM expects to

REPORT OF THE DIRECTORS

move back towards profitability by the end of 31 March 2021. The Company is fortunate that it can access support from its holding company, PHSC plc with its considerable financial resources. Consequently, the directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

PROVISION OF INFORMATION TO THE AUDITOR

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 auditor is 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 auditor is aware of that information.

The above report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

AUDITOR

Crowe U.K. LLP has indicated its willingness to be re-appointed as statutory auditor.

ON BEHALF OF THE BOARD:

S A King - Director
19 August 2020

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF QUALITY LEISURE MANAGEMENT LIMITED

Opinion

We have audited the financial statements of QLM for the year ended 31 March 2020 which comprise the statement of financial position, the statement of comprehensive income, the cash flow statement, the statement of changes in equity 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 International Financial Reporting Standards (IFRS) adopted by the European Union. 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU;
- 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 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 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. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF QUALITY LEISURE MANAGEMENT LIMITED (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 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 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.

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

Mark Anderson

Mark Anderson
Senior Statutory Auditor
For and on behalf of **Crowe U.K. LLP**
Statutory Auditor
Riverside House, 40 – 46 High Street, Maidstone, Kent, ME14 1JH

18 November 2020

QUALITY LEISURE MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2020

	Note	31.3.20 £	31.3.19 £
Revenue	3	353,439	437,655
Cost of sales		(127,901)	(160,771)
GROSS PROFIT		225,538	276,884
Administrative expenses		(173,839)	(205,308)
PROFIT FROM OPERATIONS		51,699	71,576
Finance income		12	-
PROFIT BEFORE TAXATION	4	51,711	71,576
Income tax charge	8	(9,752)	(13,607)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		41,959	57,969
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		41,959	57,969
Attributable to equity holders		41,959	57,969

All amounts relate to continuing activities.

Registered number: 2530527

QUALITY LEISURE MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 March 2020

	Note	31.3.20 £	31.3.19 £
NON-CURRENT ASSETS			
Property, plant and equipment	9	20,899	5,087
CURRENT ASSETS			
Inventory	10	250	250
Trade and other receivables	11	70,355	88,532
Cash and cash equivalents		128,338	238,628
		198,943	327,410
TOTAL ASSETS		**219,842**	**332,497**
CURRENT LIABILITIES			
Trade and other payables	12	130,174	117,655
Right of use liabilities	13	5,572	-
Current corporation tax payable		5,418	13,696
		141,164	131,351
NON-CURRENT LIABILITIES			
Right of use liabilities	13	10,680	-
Deferred tax	14	594	701
		11,274	701
TOTAL LIABILITIES		**152,438**	**132,052**
NET ASSETS		**67,404**	**200,445**

CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS

	Note	31.3.20 £	31.3.19 £
Called up share capital	15	100	100
Retained earnings		67,304	200,345
		67,404	**200,445**

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised for issue by the Board on 19 August 2020 and signed on its behalf by:

Stephen King

S A King – Director

Accounting policies and notes on pages 12 to 20 form part of these financial statements

QUALITY LEISURE MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2020

	Share Capital £	Retained Earnings £	Total £
Balance at 1 April 2018	100	212,376	212,476
Total comprehensive income	-	57,969	57,969
Dividends paid	-	(70,000)	(70,000)
Balance at 31 March 2019	100	200,345	200,445
Balance at 1 April 2019	100	200,345	200,445
Total comprehensive income	-	41,959	41,959
Dividends paid	-	(175,000)	(175,000)
Balance at 31 March 2020	100	67,304	67,404

Accounting policies and notes on pages 12 to 20 form part of these financial statements

QUALITY LEISURE MANAGEMENT LIMITED

STATEMENT OF CASH FLOWS
for the year ended 31 March 2020

	Note	31.3.20 £	31.3.19 £
Cash flows generated from operating activities:			
Cash generated from operations	I	85,336	100,655
Interest received		12	-
Group tax relief payment		(4,448)	-
Taxation paid		(13,689)	-
Net cash generated from operating activities		**67,211**	**100,655**
Cash flows used by investing activities			
Purchase of property, plant and equipment		(1,108)	(2,891)
Net cash used by investing activities		**(1,108)**	**(2,891)**
Cash flows used by financing activities			
Payments on right of use assets		(1,393)	-
Dividends paid to Group shareholders		(175,000)	(70,000)
Net cash used by financing activities		**(176,393)**	**(70,000)**
Net (decrease)/increase in cash and cash equivalents		(110,290)	27,764
Cash and cash equivalents at beginning of year		238,628	210,864
Cash and cash equivalents at end of year		**128,338**	**238,628**

NOTES TO THE GROUP STATEMENT OF CASH FLOWS
for the year ended 31 March 2020

	31.3.20 £	31.3.19 £
I. CASH GENERATED FROM OPERATIONS		
Profit from operations	51,699	71,576
Depreciation charge	2,941	1,695
Loss on disposal fixed assets	-	1,978
Decrease in trade and other receivables	18,177	4,882
Increase in trade and other payables	12,519	20,524
Cash generated from operations	**85,336**	**100,655**

1. BASIS OF PREPARATION

The Company's financial statements have been prepared in accordance with IFRSs, as adopted by the European Union, International Financial Reporting Intermediate Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 18.

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate and in accordance with Financial Reporting Council guidance have provided reasons for this opinion in the going concern section of the Directors Report on page 4.

The following standards and interpretations relevant to the Company are in issue but are not yet effective and have not been applied in the financial statements. In some cases, these standards and guidance have not been endorsed for use in the European Union.

Standard	*Effective date, annual period beginning on or after*
Conceptual Framework and Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3: *Business Combinations*	1 January 2020
Amendments to IAS 1 and IAS 8: *Definition of Material*	1 January 2020

The new standards, listed above, are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2. ACCOUNTING POLICIES

Revenue
Revenue which excludes value added tax, represents the amount receivable in respect of services provided to customers.

The Company provides services such as one-off consultancy, training, and health & safety audits. Revenue from services is recognised as the services are provided as this is the point at which the performance obligations are fulfilled. In respect of services invoiced in advance, amounts are deferred until provision of the service.

The Company also provides annual contracts for health and safety support services. Revenue is recognised evenly across the length of the contract as this is considered the best estimate of the fulfilment of the performance obligations.

Customer payment terms are generally 30 days from the date of invoice for all revenue streams.

Deferred income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Segmental reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The directors regard the operations of the Company as being one business segment. Further analysis of revenue is disclosed in note 3.

Pensions
The Company operates a defined contribution pension scheme. Contributions payable for the year are charged to the income statement.

Property, plant and equipment
Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of non-current assets, less their estimated residual value, over their expected useful lives on the following bases:

Property improvements	10% straight line
Furniture, fittings and equipment	25% reducing balance

Leases
The Company has applied IFRS 16 with a date of initial application of 1 April 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The cumulative effect of initial application is recognised in retained earnings at 1 April 2019. The details of the change in accounting policy are disclosed below.

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease.

ACCOUNTING POLICIES continued

On transition to IFRS 16, the Company elected to reassess whether there is a lease for all contracts in place on or after 1 April 2019. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied to contracts in place or entered on or after 1 April 2019.

As lessee, the Company previously classified leases as operating, or finance leases based on its assessment of whether the lease significantly transferred all the risks and remains incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognises rights-of-use assets and liabilities for most leases ie. these leases are on-balance sheet.

The Company decided to apply recognition exemptions to short-term leases of equipment and services.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at a cost of capital of 5.0%. The effect of discounting was immaterial to the financial statements so the values recorded represent the gross undiscounted amounts.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified assets; this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all the capacity of a physically distinct asset.

- The Company has the right to obtain substantially all the economic benefits from use of the assets throughout the period of use; and

- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used, In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if the Company has the right to operate the asset.

On transition to IFRS 16, the Company recognised an additional £28,705 of right-of-use assets and the impact of discounting was considered immaterial so lease liabilities of £28,705 were also recognised. Therefore, no adjustment to equity at 1 April 2019 was made.

Inventory

Inventory is valued at the lower of cost and net realisable value after making allowance for obsolete and slow-moving stocks. The costs of inventory are calculated on a first in first out basis.

Financial instruments

Trade receivables and contract assets are initially stated at fair value and subsequently measured at amortised cost using the effective interest method. The carrying amounts for accounts receivable are net of allowances for expected credit losses. The Company evaluated the expected credit losses on trade receivables by reviewing historical data. Individual receivables are only written off when management deems them not collectible.

3. REVENUE

The revenue of the Company during the year was generated in the United Kingdom and the revenue of the Company for the year derives from the same class of business as noted in the Directors' Report.

4. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:	31.3.20	31.3.19
	£	£
Depreciation – owned assets	1,548	1,695
Depreciation – right of use assets	1,393	-

5. DIRECTORS' REMUNERATION

	31.3.20	31.3.19
	£	£
Directors' emoluments and other benefits	54,333	53,164
Pension contributions	1,571	1,538
	55,904	54,702

6. STAFF COSTS

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

Directors	3	3
Consultants	2	2
Administration	1	1
	6	6

The aggregate payroll costs of these persons were as follows:

	31.3.20	31.3.19
	£	£
Wages and salaries	154,941	176,249
Social security costs	14,525	18,238
Other pension costs	3,745	3,273
	173,211	197,760

The directors are considered to be key management personnel of the Company.

7. AUDITOR'S REMUNERATION

During the year the Company obtained the following services from the Company's auditors as detailed below:

	31.3.20	31.3.19
	£	£
Audit of the Company's annual financial statements	3,000	3,000

8. INCOME AND DEFERRED TAX CHARGES

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31.3.20	31.3.19
Current tax:	£	£
UK corporation tax at 19% (2019 – 19%)	9,866	13,696
Corporation tax under provision in respect of prior years	(7)	-
Total current tax	9,859	13,696
Deferred tax:		
Origination and reversal of timing differences	(107)	(89)
Total tax charge	9,752	13,607

Factors affecting the tax charge

The tax assessed for the year is lower (2019 – higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.20	31.3.19
	£	£
Profit on ordinary activities before tax	51,711	71,576
Profit on ordinary activities multiplied by the lower rate of corporation tax in the UK of 19% (2019: 19%)	9,825	13,599
Effects of:		
Adjustments in respect of prior period	(7)	8
Deferred tax not provided	(66)	-
Total tax charge	9,752	13,607

9. TANGIBLE FIXED ASSETS

	Property Improvements £	Plant and Equipment £	Right of Use Assets £	Totals £
COST OR VALUATION				
At 1 April 2019 (previously stated)	24,441	17,929	-	42,370
Adjustment in relation to adoption of IFRS 16			17,645	17,645
Additions	-	1,108	-	1,108
Disposals	-	-	-	-
At 31 March 2020	24,441	19,037	17,645	61,123
DEPRECIATION				
At 1 April 2019	24,441	12,842	-	37,283
Charge for the year	-	1,548	1,393	2,941
Disposals	-	-	-	-
At 31 March 2020	24,441	14,390	1,393	40,224
NET BOOK VALUE				
At 31 March 2020	-	4,647	16,252	20,899
At 31 March 2019	-	5,087	-	5,087

10. INVENTORY

	31.3.20 £	31.3.19 £
Finished goods	250	250

The value of the inventory consumed and recognised as an expense was £nil (2018: nil).

11. TRADE AND OTHER RECEIVABLES

	31.3.20 £	31.3.19 £
Trade receivables	46,039	69,251
Amounts owed by group undertakings	412	6,173
Other receivables, prepayments and accrued income	23,904	13,108
	70,355	88,532

The recoverability of receivables is not considered to be a significant issue to the Company. Many customers have a long-standing relationship with QLM. A clearly defined procedure for credit control is in place and the level and age of debtors are reviewed on a regular basis by both the company directors and by the board of PHSC plc.

The ageing analysis of the trade receivables is as follows:

	31.3.20 £	31.3.19 £
Current	33,509	41,423
One month old	6,465	14,447
Two to six months old	6,065	13,381
Over six months old	-	-
	46,039	69,251

Some of the trade receivables are past due but there are none considered impaired as at 31 March 2019 (2018: none). The receivables due at the end of the financial year relate to trading customers.

12. TRADE AND OTHER PAYABLES

	31.3.20	31.3.19
	£	£
Trade payables	6,123	3,656
Amounts due to ultimate holding company	250	4,386
Amounts owed to group undertakings	6,615	3,443
Social security and other taxes	27,863	30,163
Other payables	352	894
Accrued expenses	7,613	-
Contract liabilities	81,358	75,113
	130,174	117,655

On 1 January 2010, the Company and the PHSC plc Group entered an unlimited multilateral guarantee with HSBC plc. This facility is reviewed annually. The Company's balance as at 31 March 2020 was £128,338 (2019: £238,628) within the Group's cash at bank and in hand figure of £755,919 (2019: £642,466).

13. LEASES

	31.3.20	31.3.19
	£	£
Amounts due in under one year – right of use liabilities	5,572	-
Amounts due in over one year – right of use liabilities	10,680	-
	16,252	-

14. DEFERRED TAXATION

	31.3.20	31.3.19
	£	£
Deferred taxation	594	701

	Deferred tax	Deferred tax
	£	£
At 1 April 2019	701	790
Deferred tax credit in year (see note 8)	(107)	(89)
At 31 March 2020	594	701

15. SHARE CAPITAL

Allotted, issued and fully paid	31.3.20	31.3.20	31.3.19	31.3.19
	Number	£	Number	£
"A" Ordinary shares of £1 each	35	35	35	35
"B" Ordinary shares of £1 each	57	57	57	57
"C" Ordinary shares of £1 each	5	5	5	5
"D" Ordinary shares of £1 each	3	3	3	3
	100	100	100	100

Each of the above share classes carry the same right to vote but different rights to dividends. The share structure was set up pre acquisition of the Company by PHSC plc with the aim of providing flexibility in payments to the directors of the Company at that time.

16. RELATED PARTY DISCLOSURES

A management charge is levied by PHSC plc to its subsidiary companies to reflect the central services it provides.

	31.3.20	31.3.19
	£	£
Management charge from PHSC plc to QLM	24,000	35,000

The inter-company balances between QLM and the other companies within the PHSC plc group are summarised below.

	31.3.20	31.3.19
	£	£
Amounts owed by group undertakings		
Personnel Health and Safety Consultants Limited	-	3,951
QCS International Limited	412	2,222
	412	6,173
Amounts owed to group undertakings		
B2BSG Solutions Limited	4,448	-
PHSC plc	250	4,386
Personnel Health and Safety Consultants Limited	1,192	-
RSA Environmental Health Limited	975	3,443
	6,865	7,829

The Company provided a loan to £9,999 to Leigh Simmonds, a director of QLM in October 2019. The loan incurs interest at a rate of 2.5% per annum and is repayable at a rate of not less than £300 per month until the principal plus interest has been repaid in full.

17. FINANCIAL INSTRUMENTS

Set out below are the Company's financial instruments:	31.3.20	31.3.19
	£	£
Financial assets at amortised cost		
Trade and other receivables	70,355	88,532
Cash and cash equivalents	128,338	238,628
	198,693	327,160
Financial liabilities at amortised cost		
Trade and other payables	130,174	117,655
	130,174	117,655
Due within 1 year	130,174	117,655
Due in over 1 year	-	-
	130,174	117,655

The Company's principal financial instruments comprise cash, short term borrowings and various items such as trade receivables, trade payables etc. that arise directly from operations. The main purpose of these financial instruments is the funding of the Company's trading activities.

FINANCIAL INSTRUMENTS continued

The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous periods.

The source currency of the assets and liabilities of the Company are held in sterling and all transactions are in sterling. The Company is not therefore exposed to currency risk.

Liquidity risk
The Company seeks to manage financial risk by ensuring sufficient liquidity is available from current banking facilities to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk
The Company's principal financial assets are cash and trade receivables. The credit risk associated with the cash is limited and the risk of non-payment through credit sales is monitored very closely by the directors.

Fair values
The fair values of the Company's financial instruments are considered not to be materially different to their book value.

18. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company may be required to make estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The principal areas where judgement was exercised are as follows:

- Recoverability of trade debtors: the directors annually assess whether a bad debt provision is required for any bad or doubtful debtor balances.

19. PARENT UNDERTAKING

PHSC plc, incorporated in England and Wales, is the ultimate parent company of the group. There is no ultimate controlling party but the largest shareholder, Mr S A King, group chief executive, owns 21.73% (2019: Mr S A King 21.73%) of the issued share capital of PHSC plc. The parent company operates within the UK and its accounts may be obtained from the same registered office address as noted on page 1 of these accounts.

QUALITY LEISURE MANAGEMENT LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2020

	31.3.20		31.3.19	
	£	£	£	£
Revenue		353,439		437,655
Cost of sales				
Purchases	6,889		11,026	
Sub-contractors	19,539		26,883	
Consultants - salaries	91,945		110,037	
Consultants – social security	7,623		11,453	
Consultants – employer's pension	1,905		1,372	
		(127,901)		(160,771)
GROSS PROFIT		225,538		276,884
Administrative expenses				
Rent and rates	460		5,639	
Light and heat	1,096		1,273	
Directors' - salaries	53,966		52,829	
Directors' - social security	6,254		6,128	
Directors' - pension contributions	1,571		1,538	
Administrative staff - salaries	9,030		12,241	
Administrative staff - social security	648		657	
Administrative staff – employer's pension	269		363	
Redundancy cost	-		1,142	
Staff recruitment, training and welfare	1,322		426	
Telephone	4,076		5,369	
Printing, postage and stationery	3,224		4,553	
Marketing and promotion	338		606	
Insurance	-		181	
Equipment hire, repairs and maintenance	832		942	
Cleaning and refuse collection	300		381	
Other office expenses	95		436	
Auditor remuneration	3,000		3,000	
Accountancy	-		4,078	
Legal and professional fees	526		1,306	
Bank and credit card charges	279		282	
Entertainment	-		117	
Motor vehicle, travel, subsistence and accommodation	54,405		57,227	
IT	1,564		2,363	
Subscriptions and donations	3,643		3,558	
Management charge	24,000		35,000	
		(170,898)		(201,635)
		54,640		75,249
Depreciation		(1,548)		(1,695)
Depreciation right of use assets		(1,393)		(1,978)
PROFIT FROM OPERATIONS		51,699		71,576

This page does not form part of the statutory financial statements