

Quadriga EMEA Limited

Report and financial statements

Year ended 31 December 2016

Company Registration Number: 3038297

THURSDAY



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COMPANIES HOUSE

Quadriga EMEA Limited

Registered No: 3038297

Director

S A Moorer Jr

J G Naro

P A Wilson

Auditor

KPMG LLP

Arlington Business Park

Theale

Reading

RG7 4SD

Registered Office

Forum 1

Station Road,

Theale

Reading

RG7 4RA

Quadriga EMEA Limited

Directors' report

The Directors present their annual report and audited financial statements of the Company for the year ended 31 December 2016.

The Directors' report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime under Section 415a of the Companies Act 2006. The Company is also exempt from preparing a Strategic report under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 as it is a small company.

Principal activities

In July 2015 Exceptional Innovation B.V. completed the acquisition of Quadriga Holdings Limited and its subsidiaries. In September 2016 Seale Moorer Jr, the ultimate controlling party of Exceptional Innovation B.V. acquired the InterTouch group of companies. The Exceptional Innovation group of companies and the InterTouch group of companies are now both subsidiaries of ST Holdings Topco LLC. The combined companies form a global technology service provider that maximises guest engagement and satisfaction, enhances the entertainment experience, and increases revenue while delivering operational efficiencies for hotels. The Group's goal is to continue to expand the Group's offerings to give hoteliers one global vendor for all of their hospitality technology needs. The Company operates through a network of European branch operations in Bulgaria, Czech Republic, Hungary, Malta and Turkey.

Results and dividends

The profit for the year ended 31 December 2016, after taxation, amounted to £38,000 (2015: £59,000).

The Directors do not recommend the payment of dividend (2015: £nil)

Going concern

The group headed by ST Holdings Topco LLC ("the Group") has available to it a €10m facility entered into by certain members of the Group in July 2015. ST Holdings Topco LLC has also obtained a new interim financing arrangement under which US\$7.5m has been advanced.

The Company is reliant upon funding provided by ST Holdings Topco LLC or other members of the Group. The Board has received appropriate assurances from ST Holdings Topco LLC that it will provide financial support to the extent required to ensure that the Company continues as a going concern and the Company's directors are satisfied there is a strong likelihood that they can rely upon the assurances from ST Holdings Topco LLC. Nevertheless, as explained further in note 1 to the financial statements, there are doubts regarding the ability of the group headed by ST Holdings Topco LLC to meet its revenue forecasts and obtain adequate funding, which indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Directors

The Directors, who served during the year and to the date of signing, unless otherwise indicated, were as follows:

S A Moorer Jr

P A Wilson

J G Naro

C J Maityard (appointed 13 May 2016, resigned 26 June 2017)

Quadriga EMEA Limited

Directors' report (continued)


Directors' liabilities

The Company has provided a qualifying third party indemnity to one or more of its Directors against liability brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Directors' statement as to disclosure of information to auditor

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board and signed on its behalf by:



S A Modrer Jr
Director
22 May 2018

Quadriga EMEA Limited

Statement of Directors' responsibilities in respect of the Directors' report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Quadriga EMEA Limited

We have audited the financial statements of Quadriga EMEA Limited for the year ended 31 December 2016 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- o give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- o have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- o have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company has net current liabilities of £4.9m at 31 December 2016 and is reliant, directly or indirectly, upon funding provided by ST Holdings Topco LLC. As explained further in note 1 to the financial statements, there are doubts regarding the ability of the group headed by ST Holdings Topco LLC to meet its revenue forecasts and to obtain adequate funding, which indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- o we have not identified material misstatements in that report; and
- o in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- o adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- o the financial statements are not in agreement with the accounting records and returns; or
- o certain disclosures of directors' remuneration specified by law are not made; or
- o we have not received all the information and explanations we require for our audit; or
- o the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Neil Hughes (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading RG7 4SD
United Kingdom

31 May 2018

Quadriga EMEA Limited

**Profit and loss account and other comprehensive income
for the year ended 31 December 2016**

		Year ended 31 December 2016 £'000	9 months ended 31 December 2015 £'000
	Notes		
Turnover		1,409	1,010
Cost of sales		(1,084)	(558)
Gross profit		325	452
Administration expenses		(253)	(388)
Operating profit	3	72	64
Interest receivable and similar income	6	43	25
Interest payable and similar costs	7	(29)	(26)
Profit on ordinary activities before taxation		86	63
Taxation	8	(48)	(4)
Profit for the financial period		38	59
Other comprehensive (expense)/income			
Foreign currency translation in respect of overseas branches		(277)	(26)
Total comprehensive (expense)/income		(239)	33

Quadriga EMEA Limited

Balance Sheet

As at 31 December 2016

	Note	2016 £'000	2015 £'000
Assets			
<i>Non current assets</i>			
Tangible fixed assets	9	<u>149</u>	<u>186</u>
		149	186
<i>Current assets</i>			
Stocks - work in progress		10	2
Trade and other receivables	10	1,257	1,374
Cash		273	138
		<u>1,540</u>	<u>1,514</u>
<i>Current liabilities</i>			
Trade and other payables	11	<u>(6,570)</u>	<u>(6,342)</u>
Net current liabilities		(5,030)	(4,828)
Net liabilities		<u>(4,881)</u>	<u>(4,642)</u>
Equity and liabilities			
Share capital	12	-	-
Retained earnings		(4,881)	(4,642)
Total equity		<u>(4,881)</u>	<u>(4,642)</u>

The financial statements of Quadriga EMEA Limited (registered number: 3038297) were approved and authorised for issue by the Board of Directors on 22 May 2018. They were signed on its behalf by:


S A Moorer Jr
Director

Quadriga EMEA Limited

**Statement of changes in Equity
for the year ended 31 December 2016**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 January 2016	-	(4,642)	(4,642)
Total comprehensive income		(239)	(239)
At 31 December 2016	-	(4,881)	(4,881)

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2015 (unaudited)	-	(4,675)	(4,675)
Total comprehensive income		33	33
At 31 December 2015	-	(4,642)	(4,642)

Quadriga EMEA Limited

Notes to the financial statements for the year ended 31 December 2016

1 Accounting policies

Quadriga EMEA Limited ("the company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 3038297 and the registered address is Forum 1, Station Road, Theale, Reading, RG7 4RA.

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and prior period.

Accounting convention

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. The financial statements are presented as required by the Companies Act 2006 under the historical cost convention.

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, disclosure of key management personnel compensation and certain related party transactions.

Going concern

The Company had net current liabilities of £5.0m at the balance sheet date with £5.0m net liabilities in respect of amounts owing to or by other group undertakings and £0.0m of working capital, including cash. The Company recorded an operating profit in 2016 of £72,000.

The Company is a subsidiary of ST Holdings Topco LLC. The group headed by ST Holdings Topco LLC ("the Group") has available to it a €10m facility entered into by certain members of the Group in July 2015. ST Holdings Topco LLC has also obtained a new interim financing arrangement under which US\$7.5m has been advanced. The Group expects to borrow approximately US\$100m under new facilities, after fulfilling certain conditions of its lenders. ST Holdings Topco LLC has considered the Group's liquidity, capital resources, principal risks and uncertainties and the Group's cash flow forecasts covering the period to the end of December 2019. The Board has been informed by the management of ST Holdings Topco LLC that they are satisfied that those cash flow forecasts, taking into account reasonably possible judgements and sensitivities associated with those forecasts and the Group's current funding and facilities, alongside the Group's funding strategy, show that the Group will continue to operate for the foreseeable future.

The management of ST Holdings Topco LLC expects the Group to deliver results materially in line with its forecasts. However the Group's forecast revenue growth is mainly dependent upon sales of its newer products IQx and IQx Lite and there is uncertainty over whether the forecast sales growth will be achieved. The management of ST Holdings Topco LLC expects to fulfil the conditions of its lenders, but cannot be sure that it will be possible to do so. If the Group was not able to deliver its forecast revenue, borrow further funds from its current lenders, or obtain alternative funding, the Group might not be able to continue to trade.

Notes to the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Going concern (continued)

Having considered its own cash flow projections, the Company is reliant upon its existing funding provided by ST Holdings Topco LLC or other members of the Group and is reliant on additional funding. The ability to provide such financing is dependent upon funding being available to the Group. The Board has received appropriate assurances from ST Holdings Topco LLC that it will provide financial support to the extent required to ensure that the Company continues as a going concern and has confirmed that its undertaking is valid for a minimum of twelve months from the date of signing of these financial statements for the year ended 31 December 2016. The Company's directors, having made suitable enquiries of the management of ST Holdings Topco LLC, are satisfied there is a strong likelihood that they can rely upon the assurances from ST Holdings Topco LLC. Consequently, these financial statements are prepared on a going concern basis.

Nevertheless, the Company's directors note that there is doubt regarding the ability of the Group to meet its revenue forecasts and to obtain adequate funding, and they consider that this indicates the existence of a material uncertainty which may cast significant doubt on the Group's, and therefore the Company's, ability to continue as a going concern. Hence the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Turnover

Turnover consists principally of amounts (excluding value added tax) derived from the rental of in-room equipment (including software) to hotels and is recognised on a straight line basis over the contract life. Income from hotel guests viewing of Pay-TV and other in-room technology based services is recognised as turnover as the service is provided. Turnover also includes amounts derived from the maintenance of this equipment, recognised rateably over the maintenance term and amounts derived from the outright sale of in-room equipment which is recognised on acceptance of the goods by the customer.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Rental assets	- 3 to 7 years
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Foreign currency

The functional currency of the Company is UK sterling ("£"). Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities of overseas branches are translated at the closing exchange rates. Profit and loss accounts of the branches are consolidated at the average rates of exchange during the period. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Quadriga EMEA Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect reported amounts at the end of the year.

Estimates, assumptions and judgements are applied by the Company. These include, but are not limited to, accruals and provisions for impairments of assets. These estimates, assumptions and judgements are also evaluated on a continual basis but are not significant.

Comparative figures

The comparative period covers the nine months to 31 December 2015.

2 Revenue

The Directors consider that the Company has substantially one class of business being the supply of equipment and software enabling the provision of in-room technology based services to hotels and similar services.

The geographical analysis of turnover was as follows:

	2016 £'000	2015 £'000
Europe	1,140	611
Rest of the world	269	399
	<u>1,409</u>	<u>1,010</u>

Quadriga EMEA Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

3 Operating profit

	2016 £'000	2015 £'000
Operating profit is stated after charging		
Depreciation	57	97

Auditor's remuneration in respect of the audit of these financial statements was £21,000 (2015: £19,000).

Amounts receivable by the company's auditor and its associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the financial statements of the company's highest UK parent, Quadriga Holdings Limited.

4 Staff costs and numbers

	2016 £'000	2015 £'000
Wages and salaries	8	6

The average number of persons, including directors, employed by the Company during the financial period, analysed by category, was as follows:

	2016 number	2015 number
Operations and administration	1	1

5 Director's emoluments

The Directors of the Company received no emoluments for services provided to this Company in the current or prior financial year.

6 Interest receivable and similar income

	2016 £'000	2015 £'000
Interest received from Group undertakings	14	10
Net foreign exchange gains	29	15
	43	25

7 Interest payable and similar costs

	2016 £'000	2015 £'000
Interest paid to Group undertakings	29	26

Quadriga EMEA Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

8 Taxation

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax charge	-	-
Overseas tax charge	48	4
Total tax charge	48	4
Reconciliation of tax credit		
Profit on ordinary activities before tax	86	63
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20%)	17	13
<i>Adjustments in respect of:</i>		
Tax losses utilised	(17)	(13)
Overseas taxation	48	4
	48	4
Deferred tax		

The main rate of UK corporation tax reduced to 20% from 1 April 2015. Reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015 on 8 July 2015. These reduce the main rate to 19% from 1 April 2017 and 18% from 1 April 2020. The 2016 Summer Budget announced a further rate reduction to 17% from 1 April 2020. These reductions will reduce the Company's unrecognised deferred tax asset accordingly.

No deferred tax has been recognised on timing differences set out below as, in the opinion of the Directors, the ability of the Company to obtain the tax benefit of these is dependent upon the Company making suitable profits in the future that are either not currently foreseen or which cannot be estimated with sufficient certainty.

	2016 £'000	2015 £'000
Depreciation in excess of capital allowances	460	460
Provisions	8	8
Losses carried forward	68	154
	536	622

Quadriga EMEA Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

9 Tangible fixed assets

	Rental Assets
	£'000
<i>Cost</i>	
At 1 January 2016	2,480
Additions	5
Disposals	(434)
Exchange adjustments	245
At 31 December 2016	<u>2,296</u>
<i>Depreciation</i>	
At 1 January 2016	2,294
Provided during year	57
Disposals	(434)
Exchange adjustments	230
At 31 December 2016	<u>2,147</u>
At 31 December 2016	<u>149</u>
At 31 December 2015	<u>186</u>

10 Trade and other receivables

	2016	2015
	£'000	£'000
Trade debtors	89	248
Amounts due from Group undertakings	1,089	1,077
Other debtors	40	29
Corporation Tax	23	3
Deferred taxation	4	4
Prepayments and accrued income	12	13
	<u>1,257</u>	<u>1,374</u>

11 Trade and other payables

	2016	2015
	£'000	£'000
Trade creditors	190	169
Customer deposits	-	12
Amounts due to Group undertakings	6,105	5,885
Other creditors	74	19
Accruals and deferred income	201	257
	<u>6,570</u>	<u>6,342</u>

Quadriga EMEA Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

12 Share capital

	2016	2015
Issued, called up and fully paid	£	£
2 Ordinary shares of £1 each (fully paid)	<u>2</u>	<u>2</u>

13 Related party transactions

The Company has taken the exemption available to it under FRS 102 Reduced Disclosure Framework not to disclose its related party transactions with fellow group undertakings.

14 Ultimate parent undertaking and controlling party

The immediate parent company is Quadriga Worldwide Limited.

The ultimate parent company is ST Holdings LLC a company incorporated in the United States of America. The directors regard SA Moorer Jr as the ultimate controlling party by virtue of his ownership and control of the ultimate parent company ST Holdings LLC. Consolidated accounts are not prepared for ST Holdings LLC.

The largest group of which the Company is a member and for which group financial statements are prepared is that headed by Exceptional Innovation Coöperatief U.A.. The smallest group of which the Company is a member and for which group financial statements are prepared is that headed by Exceptional Innovation Intermediate B.V.. Copies of the financial statements are available to the public and may be obtained from Forum 1, Station Road, Theale, Berkshire, RG7 4RA.