
Directors' report and financial statements

QL2 Europe Limited

For the year ended: 31 December 2019

Company registration number: 05441709



QL2 EUROPE LTD

COMPANY INFORMATION

Directors

C C Hale
C Wartzack

Registered number

05441709

Registered office

Third Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

Independent auditors

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
Pennant House
1-2 Napier Court
Reading
RG1 8BW

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

Directors' responsibilities statement

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 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'. 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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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.

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 to 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.

Directors

The directors who served during the year were:

C C Hale
C Wartzack

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

DocuSigned by:

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C Wartzack
Director

Date: 12/17/2020

QL2 EUROPE LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QL2 EUROPE LTD

Opinion

We have audited the financial statements of QL2 Europe Ltd (the 'Company') for the year ended 31 December 2019, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, 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 Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' 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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QL2 EUROPE LTD (CONTINUED)

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.

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 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, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF QL2 EUROPE LTD (CONTINUED)

Auditors' 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 Auditors' 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 Auditors' report.

Use of our report

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

Jason Mitchell MBA BSc FCA (Senior statutory auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditors

Pennant House

1-2 Napier Court

Reading

RG1 8BW

Date: *18 December 2020*

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**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover		161,319	327,760
Gross profit		161,319	327,760
Administrative expenses		(162,103)	(338,266)
Operating loss		(784)	(10,506)
Interest receivable and similar income		14	-
Interest payable and expenses		(100)	(108)
Loss before tax		(870)	(10,614)
Tax on loss		(18,914)	24,400
(Loss)/profit after tax		(19,784)	13,786
Retained earnings at the beginning of the year		497,862	484,076
(Loss)/profit for the year		(19,784)	13,786
Retained earnings at the end of the year		478,078	497,862

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of income and retained earnings.

The notes on pages 8 to 14 form part of these financial statements.

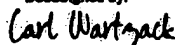
QL2 EUROPE LTD
REGISTERED NUMBER:05441709

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	4	722	-
		<u>722</u>	<u>-</u>
Current assets			
Debtors: amounts falling due within one year	5	554,728	545,909
Cash at bank and in hand	6	63,636	92,399
		<u>618,364</u>	<u>638,308</u>
Creditors: amounts falling due within one year	7	(140,908)	(140,346)
Net current assets		<u>477,456</u>	<u>497,962</u>
Total assets less current liabilities		<u>478,178</u>	<u>497,962</u>
Net assets		<u><u>478,178</u></u>	<u><u>497,962</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		478,078	497,862
		<u>478,178</u>	<u>497,962</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

DocuSigned by:

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C Wartzack
 Director

Date: 12/17/2020

The notes on pages 8 to 14 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

QL2 Europe Limited is a private company limited by shares which is incorporated in England and Wales. The address of the registered office is Third Floor, One London Square, Cross Lanes, Guildford, Surrey, GU1 1UN.

These financial statements have been prepared in pound sterling as this is currency of the primary economic environment in which the company operates, and are rounded to the nearest pound.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. The company is dependent on QL2 Software LLC, a company incorporated in the USA, and has received representation that QL2 Software LLC will continue to fund the company for at least 12 months after the date of signing the accounts.

The Coronavirus crisis is likely to have an impact on the Group's operations over the next 12 months, therefore the Directors have reviewed forecasts which model a worst-case scenario. This model demonstrates that the Group will continue to be able to repay its liabilities as they fall due for the foreseeable future.

The potential impacts of the Coronavirus crisis are set out in more detail in note 9 of the financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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:

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 of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company 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.

2.5 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.

2.6 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Statement of income and retained earnings 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet 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
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences 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 balance sheet date.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Computer equipment	-	33% reducing balance
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at transaction price, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at transaction price, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

QL2 EUROPE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.13 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company 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 income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

2.14 Financial instruments

The Company 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 ordinary shares.

3. Employees

The average monthly number of employees, including directors, during the year was 0 (2018 - 2).

4. Tangible fixed assets

	Computer equipment £
Cost or valuation	
Additions	788
At 31 December 2019	<u>788</u>
Depreciation	
Charge for the year on owned assets	66
At 31 December 2019	<u>66</u>
Net book value	
At 31 December 2019	<u><u>722</u></u>
At 31 December 2018	<u><u>-</u></u>

QL2 EUROPE LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****5. Debtors**

	2019 £	2018 £
Trade debtors	76,893	48,999
Amounts owed by group undertakings	471,981	472,665
Other debtors	1,933	24,245
Prepayments and accrued income	509	-
Deferred taxation	3,412	-
	<u>554,728</u>	<u>545,909</u>

6. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>63,636</u>	<u>92,399</u>

7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	4,892	-
Amounts owed to group undertakings	9,270	9,503
Other taxation and social security	11,279	7,284
Other creditors	5,267	8,316
Accruals and deferred income	110,200	115,243
	<u>140,908</u>	<u>140,346</u>

8. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at face value through profit or loss	<u>63,636</u>	<u>92,399</u>

Financial assets measured at face value through profit or loss comprise cash at bank.

QL2 EUROPE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Post balance sheet events

On 11 March 2020, the World Health Organisation declared the Coronavirus outbreak (COVID-19) a pandemic. Following this, many countries that the Group operates in entered into varying degrees of government-imposed lockdowns to help contain COVID-19 and to prevent fatalities.

The Directors expect that the most significant impact of this pandemic on the Group will be on customers in the travel industry, it is expected that demand for services could reduce, as well as the customers ability to pay for services. It is not possible to quantify precisely the potential impacts of this, as disruption to the global economy on this scale has not been seen in recent history.

In order to protect the business, the Directors have taken a number of mitigating actions to ensure that the Group can continue in operation for the foreseeable future. These mitigating actions include being assisted where possible by government business support schemes. These proactive measures have been implemented so that the Group continues to have sufficient liquidity to meet its obligations as they fall due. The Directors continue to closely monitor the situation and have at their disposal a significant number of further mitigating actions that the Group could take if required to do so.

10. Controlling party

The company's immediate parent undertaking is QL2 Software LLC, a company incorporated in the US which owns 100% of the share capital. The registered office is 2920 O'Donnell St., Baltimore, MD 21224.

The company's ultimate parent company is Copernicus Holdings, LLC, also incorporated in the US. There is no single ultimate controlling party.