

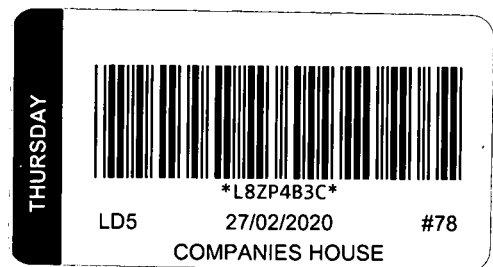
QC Holdings Limited

Report and Financial Statements

Year Ended

30 September 2019

Company Number 5647878



QC Holdings Limited

Report and financial statements for the year ended 30 September 2019

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Directors

P Begg
J Bruce (appointed 28 March 2019)
J Cane (resigned 28 March 2019)
C Ginman-Horrell (appointed 28 March 2019)
A Jansen
A Lowenthal (Chairman)
J Major (appointed 28 March 2019)
P Mallinson (resigned 28 March 2019)
N Mills
C O'Donnell
K Phillipps (resigned 28 March 2019)
L Pierpont Engstrom
D Taylor
A Watson
R Wigley

Secretary and registered office

P Dhanoa
Palliser Road, London, W14 9EQ

Company number

5647878

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

QC Holdings Limited

Strategic report for the year ended 30 September 2019

The directors present their strategic report and financial statements for QC Holdings Limited for the year ended 30 September 2019.

Principal activities

The principal activity of QC Holdings Limited (the "Company") continues to be that of a holding company. The Company holds all the issued ordinary shares of The Queen's Club Limited (the "Club", together, the "Group"). There were no significant adverse effects due to the economic uncertainties of Brexit. Like all UK companies, the Company is subject to levels of uncertainty of outcomes, with the full range of possible effects of Brexit unknown.

The Company redeemed 73 redeemable shares and issued 87 redeemable shares during the year ended 30 September 2019.

Business review

The Company owns the Club through its investment in its subsidiary, The Queen's Club Limited.

In 2018 the Company's report and financial statements showed for the first time that the redeemable shares were for accounting purposes classified as debt rather than as equity. The technical reasons for this were explained in those financial statements.

The directors believed that it was neither the intention of the then board of the Company nor the understanding of the original applicants for redeemable shares, that those shares would be treated as debt.

The directors have been advised by specialist lawyers that, subject to certain technical amendments to the Company's Articles of Association being made, the original and present intentions of the Company's board and of the Club's membership could be realised. At an extraordinary general meeting of the Company on 26 September 2019 the shareholders approved a number of amendments to the Articles of Association so that the redeemable shares could be treated as equity.

The redeemable shares classified as a liability have been converted into equity as at 30 September 2019, giving rise to a profit on conversion of £25,518,853. Adjustments in the profit and loss account and the balance sheet show the redeemable shares as equity (2018: debt), reverse those made in last year's accounts as a prior year's adjustment and fair value movements. These are all non-cash items and will not recur.

Results for the year

The financial statements show a profit of £173,436 (2018: £169,117) before adjustment to redeemable shares, tax, interest payable and similar charges. The financial statements show a profit of £25,343,210 (2018: £2,631,921 loss) after adjustment to redeemable shares, tax, interest payable and similar charges.

Key performance indicators

The Company's current ratio (liquidity) is 45.9% (2018: 36.4%).

Principal risks and uncertainties

Financial risk management

The Group's operations expose it to a variety of financial risks including credit, liquidity and interest rate risks. The Company has in place a risk-management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and related finance charges.

Price risk

The Company is exposed to price risk due to normal pressures of inflationary increases in the purchase price of the goods and services in the UK.

Credit risk

The Company has implemented policies that require appropriate status checks and/or references as necessary.

QC Holdings Limited

Strategic report for the year ended 30 September 2019 (*continued*)

Principal risks and uncertainties (*continued*)

Liquidity risk

The Company monitors its liquidity risk to ensure that it has sufficient available funds and capital in order to operate and meet its planned commitments.

Market risk

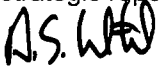
The Company's approach to investment risk is to place the management of investments in the stock market in the hands of a specialist asset manager. The asset manager has been provided with guidelines with the aim of providing better returns than cash deposits without undue risk.

Cash flow risk

In managing its cash flows the Company seeks to obtain a return by holding deposits. The length of deposits is managed carefully to ensure that no short-term cash shortfall arises.

Approval

This strategic report was approved by order of the Board on 29 January 2020.



A Lowenthal
Chairman

QC Holdings Limited

Directors' report for the year ended 30 September 2019

The directors present their directors' report and financial statements for the Company for the year ended 30 September 2019.

Dividend

The directors cannot recommend the payment of a dividend (2018: £Nil). The Company is restricted under the Articles of Association from paying any dividend.

Directors

The directors who held office during the year were as follows:

P Begg
J Bruce (appointed 28 March 2019)
J Cane (resigned 28 March 2019)
C Ginman-Horrell (appointed 28 March 2019)
A E Jansen
A Lowenthal (Chairman)
J Major (appointed 28 March 2019)
P Mallinson (resigned 28 March 2019)
N Mills
C O'Donnell
K Phillipps (resigned 28 March 2019)
L Pierpont Engstrom
D J B Taylor
A Watson
R Wigley

Political contributions

The Company made no political donations nor did it incur any political expenditure during the year.

Disclosure of information to auditor

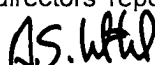
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

KPMG LLP resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

Approval

This directors' report was approved by order of the Board on 29 January 2020.



A Lowenthal
Chairman

QC Holdings Limited

Directors' responsibilities statement for the year ended 30 September 2019

The directors are responsible for preparing the strategic report, 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, they 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

QC Holdings Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QC HOLDINGS LIMITED

Opinion

We have audited the financial statements of QC Holdings Limited ("the Company") for the year ended 30 September 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 directors' report and financial statements, 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.

QC Holdings Limited

Independent auditor's report (*continued*)

We have nothing to report in this regard.

Opinions 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 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; or

Responsibilities of Directors

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, 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

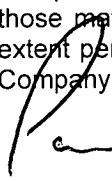
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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


Paul Clark (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

Date: 27 February 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

QC Holdings Limited

Profit and loss account for the year ended 30 September 2019

	Note	2019 £	2018 £
Administrative expenses		(72,433)	(25,485)
Operating loss		(72,433)	(25,485)
Other income	5	44,375	44,589
Interest receivable and similar income	6	201,494	150,013
Profit before adjustment to redeemable shares, tax, interest payable and similar charges		173,436	169,117
Adjustment to redeemable shares	7	25,518,853	-
Interest payable and similar charges analysed as:			
Redeemable shares – fair value movement	8	-	(2,564,244)
Debentures – finance charge	8	(333,693)	(216,948)
Profit before taxation		25,358,596	(2,612,075)
Tax on profit	9	(15,386)	(19,846)
Profit for the financial year		25,343,210	(2,631,921)

All the Company's operations are classed as continuing.

There were no recognised gains or losses other than those stated above and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 10 to 20 form part of these financial statements.

QC Holdings Limited

Balance sheet at 30 September 2019

<i>Company number 5647878</i>	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	10		30,771,949		37,907,939
Current assets					
Debtors	11	6,241,969		5,510,917	
Cash at bank and in hand		2,246,876		393,630	
		<u>8,488,845</u>		<u>5,904,547</u>	
Creditors: amounts falling due within one year	12	(11,374,750)		(16,204,348)	
Net current liabilities			(2,885,905)		(10,299,801)
Total assets less current liabilities			<u>27,886,044</u>		<u>27,608,138</u>
Creditors: amounts falling due after more than one year	13		(7,307,717)		(56,243,447)
			<u>20,578,327</u>		<u>(28,635,309)</u>
Capital and reserves					
Called up share capital	15		5,108		1,796
Share premium	15		23,784,519		1,034,000
Profit and loss account	15		(4,327,895)		(29,671,105)
Distributable reserves	15		1,116,595		-
Shareholders' funds			<u>20,578,327</u>		<u>(28,635,309)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 January 2020.

A. Lowenthal

A Lowenthal
Chairman

The notes on pages 10 to 20 form part of these financial statements.

QC Holdings Limited

Statement of changes in equity for the year ended 30 September 2019

	Share capital £	Share premium £	Distributable reserves £	Profit and loss account £	Total equity £
At 1 October 2017	1,796	887,500	-	(26,892,684)	(26,003,388)
Comprehensive loss for the year					
Loss for the year	-	-	-	(2,631,921)	(2,631,921)
Share premium recognised on redemptions of shares classified as liability	-	146,500	-	(146,500)	-
At 30 September 2018	1,796	1,034,000	-	(29,671,105)	(28,635,309)
	Share capital £	Share premium £	Distributable reserves £	Profit and loss account £	Total equity £
At 1 October 2018	1,796	1,034,000	-	(29,671,105)	(28,635,309)
Comprehensive gain for the year					
Gain for the year	-	-	-	25,343,210	25,343,210
Adjustment to redeemable shares	3,298	21,472,532	2,166,595	-	23,642,425
Purchase of redeemable shares	87	1,277,987	-	-	1,278,074
Redemption of redeemable shares	(73)	-	(1,050,000)	-	(1,050,073)
At 30 September 2019	5,108	23,784,519	1,116,595	(4,327,895)	20,578,327

Distributable reserves arose from a capital reduction in 2011 and are used to purchase redeemable shares.

The notes on pages 10 to 20 form part of these financial statements.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2019

1 Accounting policies

QC Holdings Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 5647878 and the registered address is Palliser Road, London, W14 9EQ.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £.

The Company's ultimate parent undertaking, QC Trustees Limited ("QC Trustees"), includes the Company in its consolidated financial statements. The consolidated financial statements of QC Trustees are available to the public and may be obtained from the Company Secretary, Palliser Road, London W14 9EQ. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of the ultimate parent undertaking include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgments made by the directors in the application of those accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2019 (*continued*)

1 Accounting policies

Going concern

The Company is an intermediate holding company of The Queen's Club Limited and holds redeemable shares and debentures that have been used to fund the Club. The Company had net assets of £20.6m as at 30 September 2019 and net current liabilities of £2.9m.

Whilst the debentures are only repayable in 2022, the Company is likely to be called upon to redeem a number of the redeemable shares each year for the foreseeable future. The amount payable on redemption to leaving members has been the same as the amount payable by new members during the year. The waiting list is significant and the directors believe that the Company will therefore be able to redeem the shares held by members wishing to leave the Club through issuing new memberships. The net effect is therefore expected to be cash neutral.

The directors have received confirmation from the Queen's Club Limited that the liability of £9,998,160 will not be called for repayment until the resources of the Company permit.

The Company had liquid investments of £6,157,290 and cash of £2,246,876 with limited expected debts that will require a net cash outflow in the foreseeable future. Accordingly, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Measurement convention

The financial statements are prepared on the historical-cost basis except that the following assets and liabilities are stated at their fair value: current asset investments and options to acquire redeemable shares are classified at fair value through the profit or loss.

Basic financial instruments

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost.

Other financial instruments

Financial instruments not considered to be Basic Financial Instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition, other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2019 (*continued*)

1 Accounting policies (*continued*)

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Interest

Interest receivable

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the Company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Expenses

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities.

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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2019 (*continued*)

1 Accounting policies (*continued*)

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Investments

Investments are stated at the lower of cost and net realisable value at the balance sheet date.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The following are the key judgments that management have made in the process of applying the Company's accounting policies and that have the most significant impact on the financial statements.

Impairment of fixed assets

The Company is required to review fixed assets for impairment if events or changes in circumstance indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value-in-use calculations or the fair value (market value), which are prepared on the basis of management assumptions and estimates.

The directors are not aware of any events or material changes in value of its subsidiary undertaking and have not identified any potential impairment triggers. Therefore, they do not consider an impairment review to be necessary.

Taxation

Tax benefits are not recognised unless it is probable that they will be obtained. Tax provisions are made if it is probable that a liability will arise. The Company reviews each significant tax liability or benefit to assess the appropriate accounting treatment.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2019 (continued)

3 Employees

No staff were employed by the company during the year (2018: None).

There was no directors' remuneration and none was borne by other group companies (2018: None).

4 Expenses and auditor's remuneration

	2019 £	2018 £
Audit of these financial statements	3,610	3,830

5 Other income

	2019 £	2018 £
Administrative fees charged on redeemed shares	44,375	44,589

6 Interest receivable and similar income

	2019 £	2018 £
Bank interest received	22,904	2,091
Investment and similar income	196,317	148,690
Investment – fair value gains and losses	(25,121)	(768)
Other income	7,394	-
Total interest receivable and similar income	201,494	150,013

7 Adjustment to redeemable shares

	2019 £	2018 £
Adjustment to redeemable shares	25,518,853	-

The adjustment to redeemable shares is the necessary one off accounting adjustment required following the September 2019 extraordinary general meeting of the Company where the shareholders approved certain amendments to the Articles of Association. In 2018 the Company's report and financial statements showed the redeemable shares were for accounting purposes classified as debt (see note 13).

8 Interest payable and similar charges

	2019 £	2018 £
Debentures – finance and options charge	333,693	216,948
Redeemable shares – fair value movement	-	2,564,244
Total interest payable and similar charges	333,693	2,781,192

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2019 (continued)

9 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity.

	2019 £	2018 £
<i>UK corporation tax</i>		
Current tax on income for the period	15,685	19,962
Adjustment in respect of prior periods	(299)	(116)
	<hr/>	<hr/>
Total current tax	15,386	19,846
	<hr/>	<hr/>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2019 £	2018 £
Gain/(Loss) on ordinary activities before tax	25,358,597	(2,612,075)
	<hr/>	<hr/>
Gain/(Loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	4,818,133	(496,294)
Effects of:		
Disallowable (income) and expenditure	(4,776,752)	528,426
Effect of revaluation of investments	3,701	146
Under provision in respect of prior years	(299)	(116)
Loss on capital assets	(21,990)	(3,533)
Effect of non-taxable dividend income	(10,626)	(7,462)
Other adjustments	3,218	(1,321)
	<hr/>	<hr/>
Total tax expense included in profit	15,386	19,846
	<hr/>	<hr/>

The main item within the expenses not deductible for tax purposes is the adjustment to redeemable shares at £25,518,853 (2018: fair value movement in redeemable shares at £2,564,244).

QC Holdings Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (*continued*)

10 Fixed asset investments

	Shares in group undertakings £
<i>Cost and net book value</i>	
At 1 October 2018 and 30 September 2019	30,771,949
	<hr/>
	Loans to group undertakings £
<i>Cost and net book value</i>	
At 30 September 2018	7,135,990
	<hr/>

At 30 September 2019 the loan to Group undertakings has been set off against the amounts owed to Group undertakings (see note 12), as both relate to the subsidiary company.

The company has the following investments in subsidiaries:

	Registered address and country of incorporation	Ownership 2019 %	Ownership 2018 %
The Queen's Club Limited	Palliser Road, London, W14 9EQ, United Kingdom	100	100

11 Debtors

Amounts falling due within one year	2019 £	2018 £
Amounts owed by group undertakings	1,749	1,749
Prepayments and accrued income	82,930	102,343
Current asset investments	6,157,290	5,406,825
	<hr/>	<hr/>
	6,241,969	5,510,917
	<hr/>	<hr/>

Current asset investments are held at fair value, the movement in the year being:

	2019 £	2018 £
At 1 October	5,406,825	4,786,101
Capital invested	605,000	500,000
Management fees	(25,731)	(27,199)
Investment and other income reinvested	196,317	148,691
Change in market value	(25,121)	(768)
	<hr/>	<hr/>
At 30 September	6,157,290	5,406,825
	<hr/>	<hr/>

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2019 (continued)

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings	9,998,160	14,786,098
Taxation and social security	15,685	19,962
Other creditors	127,905	176,663
Shares classified as a liability	1,233,000	1,221,625
	<u>11,374,750</u>	<u>16,204,348</u>

Included in 'Other creditors' are amounts totalling £97,625 (2018: £151,875) due to certain members aged under 28 years old, who have made a 50 per cent down-payment to have the right to acquire a redeemable share. If the member fails to make a payment for the remaining 50 per cent when they turn 28 years old, the initial down-payment will be repaid by the Company without interest.

Included in 'Shares classified as liability' are amounts totalling £1,050,000 (2018: £1,070,201) payable to members who had expressed a wish to redeem their shares as at 30 September 2019.

13 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Debenture loans (note 14)	5,751,513	5,417,821
Other creditors	1,241,204	1,334,347
Redeemable shares classified as a liability	-	49,176,279
Other financial liabilities	315,000	315,000
	<u>7,307,717</u>	<u>56,243,447</u>

Other financial liabilities relate to the option that 'A' and 'B' debenture holders have to acquire redeemable shares for a consideration of £1 each. At 30 September 2019, there were 21 (2018: 21) options outstanding.

'Other creditors' are amounts due to certain members aged under 28 years old, who have made a 50 per cent down-payment to have the right to acquire a redeemable share. If the member fails to make a payment for the remaining 50 per cent when they turn 28 years old, the initial down-payment is repaid by the Company without interest. At the year-end date, an amount of £1,017,300 (2018: £1,062,944) may be due after more than five years to these members who are under 22 years old.

The redeemable shares classified as a liability have been converted into equity as at 30 September 2019, giving rise to a profit on conversion of £25,518,853 (see note 15).

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2019 (*continued*)

14 Interest bearing loans and borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2019 £	2018 £
Creditors falling due after more than one year:		
11 'A' debentures due in 2022	2,308,953	2,178,258
33 'B' debentures due in 2022	3,463,429	3,267,386
	<hr/>	<hr/>
	5,772,382	5,445,644
Less finance costs	(20,869)	(27,823)
	<hr/>	<hr/>
Total	5,751,513	5,417,821
	<hr/>	<hr/>

The above debentures are included at amortised cost and interest is being charged at six per cent per annum. 'A' debentures are in denominations of £250,000 and 'B' debentures are in denominations of £125,000. In addition to the right to redemption, the debentures carry certain benefits.

- Option to subscribe for a redeemable share at a price of £1;
- Exemption from paying an annual subscription;
- Participation in a priority court-booking system;
- Benefits relating to the June Championship;
- Designation on an honourees' board.

QC Holdings Limited

Notes forming part of the financial statements for the year ended 30 September 2019 (*continued*)

15 Capital and reserves

<i>Share capital</i>	2019 £	2018 £
<i>Authorised</i>		
2,000 (2018: 2,000) ordinary shares of £1 each	2,000	2,000
1 special share of £1	1	1
5,000 (2018: 5,000) redeemable shares of £1 each	5,000	5,000
	<hr/>	<hr/>
	7,001	7,001
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1,795 (2018: 1,795) ordinary shares of £1 each	1,795	1,795
1 special share of £1	1	1
3,312 (2018: 3,299) redeemable shares of £1 each	3,312	3,299
	<hr/>	<hr/>
	5,108	5,095
	<hr/>	<hr/>

On 22 May 2007, The All England Lawn Tennis Ground plc ("AELTG") acquired 45 ordinary shares in QC Holdings for £360,000. In addition, AELTG was issued one special share in each of QC Trustees Limited, the Company, The Queen's Club Limited and QC Ground Limited. These special shares do not carry any voting rights or rights to dividends. The special shares give AELTG a right of first refusal to acquire the companies' assets and liabilities at market price discounted by 10 per cent in the event of a sale of the Club.

Under the articles of association, the Company is restricted from making any dividend distribution to shareholders.

Each redeemable share ranks *pari passu* with each ordinary share with the exception of the redemption rights attached to the redeemable share. All classes of share carry a voting right.

The Company issued eighty-seven redeemable shares of £1 each during the year ended 30 September 2019, raising £1,278,000. Seventy-three members have expressed a wish to redeem their share as of 30 September 2019 for £1,050,000. Actual redeemable shares in issue at 30 September 2019 are 3,312 (2018: 3,299).

Share premium

The share premium arose from the issue of shares at the above nominal value.

Profit and loss account

On 26 September 2019 an extraordinary meeting of the Company approved certain amendments to the Articles of Association. As a result, the redeemable shares have been accounted for as equity, having been accounted for as debt in 2018, giving rise to a profit on conversion (see note 13).

Distributable reserves

Distributable reserves arose from a capital reduction in 2011 and are used to purchase redeemable shares.

QC Holdings Limited

Notes forming part of the financial statements
for the year ended 30 September 2019 (*continued*)

16 Related parties

At 30 September 2019 the Company held the following balances due to to/from fellow group companies:

	2019 £	2018 £
Amounts owed by QC Trustees Limited	1,749	1,749
Amounts owed to The Queen's Club Limited	(9,998,160)	(14,786,098)
	<u>(9,996,411)</u>	<u>(14,784,349)</u>

These balances are all interest-free and repayable on demand.

17 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of QC Trustees. The ultimate controlling party is the Trustees of the immediate parent QC Trustees Limited, whose registered address is at Palliser Road, London, W14 9EQ.

18 Subsequent events

Subsequent to the balance sheet date, there are no material events to report.