

Registered number: SC104627

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
FOR
QCS INTERNATIONAL LIMITED**

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QCS INTERNATIONAL LIMITED

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QCS INTERNATIONAL LIMITED

COMPANY INFORMATION
for year ended 31 March 2018

DIRECTORS:	S A King N C Coote I Phillips
SECRETARY:	Lorraine Young Company Secretaries Limited
REGISTERED OFFICE:	9 Cumbernauld Business Park Cumbernauld North Lanarkshire Scotland G67 3JZ
REGISTERED NUMBER:	SC104627 (Scotland)
AUDITOR:	Crowe U.K. LLP Chartered Accountants & Registered Auditors Riverside House 40-46 High Street Maidstone Kent ME14 1JH

QCS INTERNATIONAL LIMITED
for year ended 31 March 2018

REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company in the year under review was that of provision of consultancy and training services to industry.

REVIEW OF BUSINESS

QCS International Limited (QCS) continues to be a leader in the design, marketing and delivery of training courses and consultancy to the ISO standards, which can be seen in the high number of public training courses, in house training courses and new consultancies delivered. The Company is highly regarded within its locale and has a considerable share of the ISO training market for southern and central Scotland. In 2017-18 QCS has also benefitted from a small increase in work outside of its core geographical area with clients being secured as far south as Kent.

Sales were up £143,615 (23%) compared to 2016-17 and the corresponding profit before tax and central management charges increased by £74,349 (35%).

Performance exceeded management forecasts for both revenue and operating profit. This was underpinned by high levels of client retention along with the expansion of consultancy and training services. Additional services were provided to existing longstanding customers and the Company reaped the benefits of market demand relating to the new ISO 9001 and ISO 14001 standards. The update to standards continues to underpin a proportion of new sales although this effect is slowly declining and will probably end during the next financial year. Some benefit from the new ISO 45001 standard for health and safety will be experienced, and evidence has already shown that sales for training in this area for the year ahead will be good.

QCS retains approved training partner status with the International Register of Certified Auditors (IRCA). The costs and benefits associated with maintaining this relationship are regularly reviewed but this status continues to differentiate the Company from competitors.

Medical device consultancy and training continues to be a successful area of the business. QCS is benefitting from changes in the medical device regulatory structure that has increased enquiries and has also led to the introduction of two new courses.

A new Company website was launched in May 2017. With careful targeted advertising and search engine optimisation it has been notable that there has been an increase in enquiries from around the UK, with several leads from previously unknown clients leading to sales.

QCS INTERNATIONAL LIMITED
for the year ended 31 March 2018

REPORT OF THE DIRECTORS

KEY PERFORMANCE INDICATORS

	Notes	31.3.18 £	31.3.17 £
Earnings before interest, tax, depreciation and amortisation (EBITDA)		245,465	175,809
Add back: management charge from PHSC plc		42,000	36,000
	a	<u>287,465</u>	<u>211,809</u>
Turnover		767,646	624,031
Gross profit		540,234	436,537
Gross profit margin (<i>gross profit / turnover</i>)	b	70%	70%
Trade debtors		133,006	134,262
Trade debtors excluding VAT		110,838	111,885
Debtor days (<i>trade debtors excluding VAT / turnover x 365</i>)	c	53	65
Current assets		678,421	419,336
Less: amounts owed by group companies		<u>(8,970)</u>	<u>(2,361)</u>
		<u>669,451</u>	<u>416,975</u>
Current liabilities		132,571	95,303
Amounts owed to group companies		<u>(3,111)</u>	<u>(7,607)</u>
		<u>129,460</u>	<u>87,696</u>
Current ratio (<i>current assets / current liabilities</i>) (<i>both excluding group balances</i>)	d	5.2	4.8
Staff statistics (excluding directors)	e		
Joiners during the year		1	1
Leavers during the year		-	-
Average length of service per staff member		6 years	6 years

Notes:

- (a) The key figure for profitability used by the directors and management team is EBITDA with the management charges from PHSC plc added back. This figure forms the basis of announcements of the consolidated group results to investors.
- (b) The gross profit margin is tracked on a monthly basis as this reflects the core profitability of the Company and illustrates the financial success of the services being provided by QCS. The gross profit has remained unchanged at 70%.
- (c) The debtors days show how quickly sales are being converted into cash; QCS currently waits just under two months to be paid.
- (d) The current ratio is used to monitor the liquidity of QCS. The figures of 5.2 and 4.8 suggest that QCS can comfortably meet its short term obligations.
- (e) An additional consultant was employed during the year to cope with the additional work flow.

QCS INTERNATIONAL LIMITED
for the year ended 31 March 2018

REPORT OF THE DIRECTORS

DIVIDENDS

No dividend (2017 – £100,000) was paid to the holding company, PHSC plc, during the year.

DIRECTORS

The directors during the year under review were:

S A King
N C Coote
I Phillips

INTERNAL CONTROLS

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

QCS INTERNATIONAL LIMITED
for the year ended 31 March 2018

REPORT OF THE DIRECTORS

GOING CONCERN

The directors confirm that they consider the going concern basis to be appropriate. The Company can access support from its holding company, PHSC plc, that has considerable financial resources together with long-term agreements with a number of customers based in different geographic areas. As a consequence, the directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

PROVISION OF INFORMATION TO THE AUDITOR

So far as each of the directors is aware at the time the report is approved;

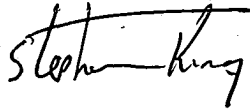
- there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

AUDITOR

On 25 June 2018 Crowe Clark Whitehill changed its name to Crowe U.K. LLP. Crowe U.K. LLP has indicated its willingness to be re-appointed as statutory auditor.

ON BEHALF OF THE BOARD:



S A King - Director
10 August 2018

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF QCS INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of QCS for the year ended 31 March 2018 which comprise the statement of financial position, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) adopted by the European Union. This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF
QCS INTERNATIONAL LIMITED (continued)**

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Crowe UK LLP

Darren Rigden
Senior Statutory Auditor
For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Riverside House, 40 – 46 High Street, Maidstone, Kent, ME14 1JH

10 August 2018

QCS INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2018

	Note	31.3.18 £	31.3.17 £
Revenue	3	767,646	624,031
Cost of sales		<u>(227,412)</u>	<u>(187,494)</u>
GROSS PROFIT		540,234	436,537
Administrative expenses		<u>(297,055)</u>	<u>(261,707)</u>
PROFIT BEFORE TAXATION	4	243,179	174,830
Income tax expense	8	<u>(17,026)</u>	<u>(445)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		226,153	174,385
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>226,153</u>	<u>174,385</u>
Attributable to equity holders		226,153	174,385

All amounts relate to continuing activities.

Accounting policies and notes on pages 12 to 19 form part of these financial statements

QCS INTERNATIONAL LIMITED
STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

	Note	31.3.18 £	31.3.17 £
NON-CURRENT ASSETS			
Property, plant and equipment	9	8,069	2,937
		<u>8,069</u>	<u>2,937</u>
CURRENT ASSETS			
Trade and other receivables	10	151,433	141,302
Cash at cash equivalents		526,988	278,034
		<u>678,421</u>	<u>419,336</u>
TOTAL ASSETS		686,490	422,273
CURRENT LIABILITIES			
Trade and other payables	11	116,341	95,303
Current corporation tax payable		16,230	-
		<u>132,571</u>	<u>95,303</u>
NON-CURRENT LIABILITIES			
Deferred taxation	13	1,189	393
TOTAL LIABILITIES		133,760	95,696
NET ASSETS		<u>552,730</u>	<u>326,577</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS			
Called up share capital	14	100	100
Retained earnings		552,630	326,477
		<u>552,730</u>	<u>326,577</u>

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

Approved and authorised for issue by the Board on 10 August 2018 and signed on its behalf by:



S A King - Director

QCS INTERNATIONAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2018**

	Share Capital £	Retained Earnings £	Total £
Balance at 1 April 2016	100	252,092	252,192
Total comprehensive income	-	174,385	174,385
Dividends paid	-	(100,000)	(100,000)
Balance at 31 March 2017	<u>100</u>	<u>326,477</u>	<u>326,577</u>
 Balance at 1 April 2017	 100	 326,477	 326,577
Total comprehensive income	-	226,153	226,153
Balance at 31 March 2018	<u>100</u>	<u>552,630</u>	<u>552,730</u>

QCS INTERNATIONAL LIMITED

STATEMENT OF CASH FLOWS
for the year ended 31 March 2018

	Note	31.3.18 £	31.3.17 £
Cash flows from operating activities:			
Cash generated from operations	I	256,373	138,064
Tax paid		-	(18,806)
Net cash generated from operating activities		<u>256,373</u>	<u>119,258</u>
Cash flows used by investing activities			
Purchase of property, plant and equipment		(7,419)	(339)
Net cash used by investing activities		<u>(7,419)</u>	<u>(339)</u>
Cash flows used by financing activities			
Dividends paid to Group shareholders		-	(100,000)
Net cash used by financing activities		<u>-</u>	<u>(100,000)</u>
Net increase in cash and cash equivalents		248,954	18,919
Cash and cash equivalents at beginning of year		278,034	259,115
Cash and cash equivalents at end of year		<u>526,988</u>	<u>278,034</u>

NOTES TO THE GROUP STATEMENT OF CASH FLOWS
for the year ended 31 March 2018

	31.3.18 £	31.3.17 £
I. CASH GENERATED FROM OPERATIONS		
Profit before taxation	243,179	174,830
Depreciation charge	2,287	979
Increase in trade and other receivables	(10,131)	(52,474)
Increase in trade and other payables	21,038	14,729
Cash generated from operations	<u>256,373</u>	<u>138,064</u>

QCS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

1. BASIS OF PREPARATION

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 17.

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors have taken notice of the Financial Reporting Council guidance which requires the reasons for this decision to be explained. The directors regard the going concern basis as remaining appropriate as the Company has adequate resources to continue in operational existence for the foreseeable future based upon forecasts. Further details are provided in the directors' report.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not been adopted by the European Union. Following an assessment by the directors, IFRS 15 concerning revenue recognition, is not expected to have an impact on the Company's future financial statements. IFRS 16 may have an impact on the measurement and treatment of operating leases and the related disclosures but the figures concerned are not expected to be material.

QCS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2018

2. ACCOUNTING POLICIES

Revenue

Revenue, which excludes value added tax, represents the amount receivable in respect of services provided to customers. Revenue from services is recognised as the services are provided. In respect of services invoiced in advance, amounts are deferred until provision of the service. Income derived from annual contracts is recognised at the point at which a fair value can be attributed to the various components of the contract. Where it is not possible to attribute a fair value, consideration is given to whether sums received are non-refundable.

Deferred income tax

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

Segmental reporting

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

Pensions

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

Property, plant and equipment

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

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

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the profit before income tax.

Inventory

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

Financial instruments

Provision is made for diminution in value where appropriate. Trade payables are recognised at initially fair value and subsequently measured at amortised cost.

QCS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2018

3. REVENUE

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

4. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	31.3.18	31.3.17
	£	£
Depreciation – owned assets	2,287	979
Operating lease charges – land and buildings	<u>6,000</u>	<u>6,000</u>

5. DIRECTORS' REMUNERATION

	31.3.18	31.3.17
	£	£
Directors' emoluments and other benefits	56,150	50,833
Pension contributions	<u>1,626</u>	<u>3,078</u>
	<u>57,776</u>	<u>53,911</u>

6. STAFF COSTS

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

	3	3
Directors	3	3
Consultants	5	4
Administration	<u>2</u>	<u>2</u>
	<u>10</u>	<u>9</u>

The aggregate payroll costs of these persons were as follows:

	31.3.18	31.3.17
	£	£
Wages and salaries	293,528	258,018
Social security costs	32,280	28,617
Other pension costs	<u>8,745</u>	<u>7,002</u>
	<u>334,553</u>	<u>293,637</u>

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

7. AUDITOR'S REMUNERATION

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

	31.3.18	31.3.17
	£	£
Audit of the Company's annual financial statements	<u>3,000</u>	<u>3,000</u>

QCS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 March 2018

8. INCOME AND DEFERRED TAX CHARGES

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:	31.3.18	31.3.17
	£	£
Current tax:		
UK corporation tax at 19% (2017 – 20%)	16,230	-
Corporation tax under provision in respect of prior years	-	(279)
Total current tax	<u>16,230</u>	<u>(279)</u>
Deferred tax:		
Origination and reversal of timing differences	796	724
Total taxation charge	<u>17,026</u>	<u>445</u>

Factors affecting the tax charge

The tax assessed for the year is lower (2017 – lower) than the standard rate of corporation tax in the UK.

The difference is explained below:	31.3.18	31.3.17
	£	£
Profit on ordinary activities before tax	<u>243,179</u>	<u>174,830</u>
Profit on ordinary activities multiplied by the lower rate of corporation tax in the UK of 19% (2017: 20%)	46,204	34,966
Effects of:		
Expenses not deductible for tax purposes	618	259
Depreciation on ineligible assets	38	
Group relief claimed	(29,834)	(34,464)
Adjustment in respect of prior period	-	(280)
Adjust deferred tax to standard CT rate of 20%	-	(36)
Total taxation charge	<u>17,026</u>	<u>445</u>

QCS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued
for the year ended 31 March 2018

9. PROPERTY, PLANT AND EQUIPMENT

	Property Improvements £	Office Equipment £	Total £
COST OR VALUATION			
At 1 April 2017	-	33,408	33,408
Additions	2,010	5,409	7,419
At 31 March 2018	<u>2,010</u>	<u>38,817</u>	<u>40,827</u>
DEPRECIATION			
At 1 April 2017	-	30,471	30,471
Charge for the year	201	2,086	2,287
At 31 March 2018	<u>201</u>	<u>32,557</u>	<u>32,758</u>
NET BOOK VALUE			
At 31 March 2018	<u>1,809</u>	<u>6,260</u>	<u>8,069</u>
At 31 March 2017	<u>-</u>	<u>2,937</u>	<u>2,937</u>

10. TRADE AND OTHER RECEIVABLES

	31.3.18	31.3.17
	£	£
Trade receivables	133,006	134,262
Amounts owed by group undertakings	8,970	2,361
Other receivables	7,614	2,325
Prepayments and accrued income	1,843	2,354
	<u>151,433</u>	<u>141,302</u>

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

The ageing analysis of the trade receivables is as follows:

	31.3.18	31.3.17
	£	£
Current	60,567	87,593
One month old	50,662	35,446
Two to six months old	21,777	11,223
Over six months old	-	-
	<u>133,006</u>	<u>134,262</u>

Some of the trade receivables are past due but there are none considered impaired as at 31 March 2018 (2017: none). The receivables due at the end of the financial year relate to trading customers.

QCS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued
for the year ended 31 March 2018

11. TRADE AND OTHER PAYABLES

	31.3.18	31.3.17
	£	£
Trade payables	5,107	3,595
Social security and other taxes	43,607	43,348
Amounts due to ultimate holding company	2,649	5,759
Amounts due to other group undertakings	462	1,848
Other payables	2,285	1,857
Accruals and deferred income	62,321	38,896
	<u>116,431</u>	<u>95,303</u>

Shortly after the acquisition of QCS by PHSC plc, the Company and the PHSC plc Group entered into an unlimited multilateral guarantee with HSBC plc. This facility is reviewed annually. The Company's balance as at 31 March 2018 was £526,988 (2017: £278,034) within the Group's cash at bank and in hand figure of £244,280 (2017: £206,718).

12. OPERATING LEASE COMMITMENTS

The Company had aggregate annual commitments under non-cancellable operating leases as follows:

	31.3.18	31.3.17
	£	£
Expiring		
Within one year – land and buildings	3,000	6,000
Between two and five years – land and buildings	-	3,000
	<u>3,000</u>	<u>9,000</u>

13. DEFERRED TAXATION

	31.3.18	31.3.17
	£	£
Deferred taxation liability	<u>1,189</u>	<u>393</u>
	Deferred	Deferred
	tax	tax
	£	£
At 1 April 2017	393	(331)
Deferred tax credit in year (see note 8)	796	724
At 31 March 2018	<u>1,189</u>	<u>393</u>

14. SHARE CAPITAL

	31.3.18	31.3.18	31.3.17	31.3.17
	Number	£	Number	£
Allotted, issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

QCS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2018

15. RELATED PARTY DISCLOSURES

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

	31.3.18	31.3.17
	£	£
Management charge from PHSC plc to QCS	<u>42,000</u>	<u>36,000</u>

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

	31.3.18	31.3.17
	£	£
Amounts owed by group undertakings		
Personnel Health & Safety Consultants Limited	8,970	-
RSA Environmental Services Limited	-	2,361
	<u>8,970</u>	<u>2,361</u>

Amounts owed to group undertakings		
PHSC plc	2,649	5,759
Quality Leisure Management Limited	462	1,848
	<u>3,111</u>	<u>7,607</u>

16. FINANCIAL INSTRUMENTS

Set out below are the Company's financial instruments:

	31.3.18	31.3.17
	£	£
Financial assets at amortised cost		
Trade and other receivables	151,433	141,302
Cash and cash equivalents	526,988	278,034
	<u>678,421</u>	<u>419,336</u>

Financial liabilities at amortised cost		
Trade and other payables	116,341	95,303
	<u>116,341</u>	<u>95,303</u>

Due within 1 year	116,341	95,303
Due in over 1 year	-	-
	<u>116,341</u>	<u>95,303</u>

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

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

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

QCS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS – continued for the year ended 31 March 2018

FINANCIAL INSTRUMENTS continued

Liquidity risk

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

Credit risk

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

Fair values

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

17. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

- Revenue recognition: revenue is recognised evenly across the length of the contract as this is considered the best estimate of the fulfilment of obligations.

18. PARENT UNDERTAKING

PHSC plc, incorporated in England and Wales, is the ultimate parent company of the group. There is no ultimate controlling party but the largest shareholder, Mr S A King, group chief executive, owns 21.73% (2017: Ms N C Coote 21.42%) of the issued share capital of PHSC plc. The parent company operates within the UK and its accounts may be obtained from the same registered office address as noted on page 1 of these accounts.