

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018
FOR
SQS BFSI UK LTD

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DIRECTORS:	Ms Aarti Arvind Mr Phil Codd
REGISTERED OFFICE:	7-11 Moorgate London EC2R 6AF
REGISTERED NUMBER:	07211807 (England and Wales)
AUDITORS:	PSJ Alexander & Co Chartered Accountants & Statutory Auditors 1 Doughty Street London WC1N 2PH
BANKERS:	ICICI Bank UK PLC

The directors present their strategic report for the year ended 31st March 2018.

REVIEW OF BUSINESS

SQS BFSI UK Limited is a wholly owned subsidiary of SQS India BFSI Limited. SQS India BFSI Limited is a public Limited company incorporated under the laws of India and their shares are traded in two stock exchanges in India - NSE and BSE.

The SQS Group (SQS) is the world's leading specialist in software quality testing. SQS' is positioned as the market leader and has gained expertise over 30 years of successful consultancy. The company's competitive edge stems mainly from its PractiQ methodology, which is based on many years of project experience and specialist knowledge across a wide range of industries. With over 7,000 completed projects, SQS has a strong customer base, including half of the DAX-30, almost a third of the STOXX-50 and 20 FTSE-100 companies.

Founded in Cologne in 1982, SQS employs around 4,600 staff in Europe, Asia, North America and Africa. Along with a strong presence in Germany and the UK, SQS has further subsidiaries in Austria, Egypt, Finland, France, India, Ireland, the Netherlands, Norway, South Africa, Sweden, Switzerland, and the USA. SQS also has a joint venture in Portugal and a partnership with a company in Spain. In 2016, SQS generated a turnover of EUR 327.10 million. The company is listed on the AIM at the London Stock Exchange, with a secondary listing on the Deutsche Börse 'Open Market'.

Already UK region represents a major client base for SQS as many of the client do make repeat orders for the testing services provided by us. We have a strong sales team working in UK and also in other countries in the Europe region sourcing business. The UK region is expected to grow strongly in this region as SQS is already a known service provider in this region. The company is expecting to have more synergies in terms of accessing new markets and new client base in UK region, which would surely help us grow in the market.

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PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal financial instrument comprise bank balances and trade debtors which have been generated through the company's regular operation. Due to the nature of the financial instruments used by the company there is low exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned are as follows :

1. Interest Rate Risk : Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company has no significant exposure to market risk for changes in interest rates because it has no interest bearing borrowings from any external sources.

2. Liquidity risk : Liquidity risk is the risk that the company will encounter difficulty in meeting financial obligations due to shortage of funds. The company has no significant liquidity risk as it maintains a level of cash and cash equivalents that is sufficient for working capital purpose. The liquidity risk is managed by maintaining a positive bank balance and ensuring there are sufficient funds to meet the payments as they fall due.

3. Credit Risk : Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in financial loss to the company. Trade Debtors are managed in respect of Credit and cash flows monitoring of amounts outstanding, and discussion with clients. The company only deal with creditworthy counterparties. The management however does not foresee any risk of default by the parties.

Cash at bank are placed with credit worthy financial institutions.

4. Foreign Currency Risk : The company has no significant exposure to foreign currency risk.

ON BEHALF OF THE BOARD:

.....
Ms Aarti Arvind - Director

Date: 30/04/2018

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of IT related services, in particular the independent testing of software for the financial services industry. The company provides services mainly to its parent company in India.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2017 to the date of this report.

Ms Aarti Arvind
Mr Phil Codd

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 judgements 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

SQS BFSI UK LTD

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST MARCH 2018

AUDITORS

The auditors, PSJ Alexander & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

.....
Ms Aarti Arvind - Director

Date: 30/04/2018

Opinion

We have audited the financial statements of SQS BFSI UK LTD (the 'company') for the year ended 31st March 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement 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 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).

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 a Report of the Auditors 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 31st March 2018 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 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 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 Report of the Directors.

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

- 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

Our 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 a Report of the Auditors 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 Report of the Auditors.

Vimal Shah (Senior Statutory Auditor)
for and on behalf of PSJ Alexander & Co
Chartered Accountants & Statutory Auditors
1 Doughty Street
London
WC1N 2PH

Date:

INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2018

	Notes	2018		2017	
		£	£	£	£
TURNOVER			4,699,612		2,391,749
Staff costs	4	4,069,151		1,842,950	
Depreciation		326		668	
Other operating expenses		478,570		440,909	
			4,548,047		<u>2,284,527</u>
OPERATING PROFIT	6		151,565		107,222
Interest receivable and similar income			-		20,013
PROFIT BEFORE TAXATION			151,565		127,235
Tax on profit	7		29,436		25,755
PROFIT FOR THE FINANCIAL YEAR			122,129		<u><u>101,480</u></u>

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2018

Notes	2018 £	2017 £
PROFIT FOR THE YEAR	122,129	101,480
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>122,129</u></u>	<u><u>101,480</u></u>

The notes form part of these financial statements

BALANCE SHEET
31ST MARCH 2018

	Notes	2018		2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		368		693
CURRENT ASSETS					
Debtors	9	6,637,941		1,059,286	
Cash at bank		1,230,711		3,682,708	
		<u>7,868,652</u>		<u>4,741,994</u>	
CREDITORS					
Amounts falling due within one year	10	6,766,791		3,762,587	
NET CURRENT ASSETS			<u>1,101,861</u>		<u>979,407</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,102,229</u>		<u>980,100</u>
CAPITAL AND RESERVES					
Called up share capital	11		350,000		350,000
Retained earnings	12		752,229		630,100
SHAREHOLDERS' FUNDS			<u>1,102,229</u>		<u>980,100</u>

The financial statements were approved by the Board of Directors on 30/04/2018 and were signed on its behalf by:

.....
Ms Aarti Arvind - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st April 2016	350,000	528,620	878,620
Changes in equity			
Total comprehensive income	-	101,480	101,480
Balance at 31st March 2017	<u>350,000</u>	<u>630,100</u>	<u>980,100</u>
Changes in equity			
Total comprehensive income	-	122,129	122,129
Balance at 31st March 2018	<u><u>350,000</u></u>	<u><u>752,229</u></u>	<u><u>1,102,229</u></u>

The notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	16	(2,408,460)	1,790,977
Tax paid		(43,536)	(28,455)
Net cash from operating activities		<u>(2,451,996)</u>	<u>1,762,522</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(977)
Sale of tangible fixed assets		(1)	-
Interest received		-	20,013
Net cash from investing activities		<u>(1)</u>	<u>19,036</u>
(Decrease)/increase in cash and cash equivalents		<u>(2,451,997)</u>	<u>1,781,558</u>
Cash and cash equivalents at beginning of year	17	3,682,708	1,901,150
Cash and cash equivalents at end of year	17	<u>1,230,711</u>	<u>3,682,708</u>

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

SQS BFSI UK LTD is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

The presentation currency is UK Pound Sterling (£).

Going concern

These financial statements have been prepared on the going concern basis which is dependent on the following considerations by the directors:

- The company has substantial net assets, and remains profitable. Its external customers are well known companies in the financial sector.
- The company is not dependant on external financing.
- Forecasts of revenues and sales orders for the next 1-2 years indicate that the company will continue to meet its liabilities as they fall due.

Based on the above, the director has concluded that there are no material uncertainties that may cast significant doubt on the ability of the company to continue as a going.

Turnover and trade debtors

Turnover represents the value of services provided to the immediate parent undertaking in India. It is determined in accordance with the transfer pricing agreement between the two companies and recognised in the period to which they relate.

Turnover excludes Value Added Taxes.

Invoices raised to end-customers and any trade debtors' balances due from these end-customers belong to the parent undertaking.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

- | | |
|-----------------------|----------------------------|
| Fixtures and fittings | - at varying rates on cost |
| Computer equipment | - at varying rates on cost |

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	4,024,964	1,764,157
Social security costs	44,187	78,793
	<u>4,069,151</u>	<u>1,842,950</u>

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

	2018	2017
Management	1	2
Other staff	36	44
	<u>37</u>	<u>46</u>

5. DIRECTORS' EMOLUMENTS

	2018	2017
	£	£
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2018	2017
	£	£
Depreciation - owned assets	326	668
Auditors remuneration	7,175	6,097
Foreign exchange differences	113,995	31,159
	<u>113,995</u>	<u>31,159</u>

7. TAXATION**Analysis of the tax charge**

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

	2018	2017
	£	£
Current tax:		
UK corporation tax	29,436	25,755
	<u>29,436</u>	<u>25,755</u>
Tax on profit	<u>29,436</u>	<u>25,755</u>

7. **TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

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

	2018 £	2017 £
Profit before tax	<u>151,565</u>	<u>127,235</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	28,797	25,447
Effects of:		
Capital allowances in excess of depreciation	(12)	(157)
Adjustments to tax charge in respect of previous periods	<u>651</u>	<u>465</u>
Total tax charge	<u>29,436</u>	<u>25,755</u>

8. **TANGIBLE FIXED ASSETS**

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1st April 2017	6,741	5,489	12,230
Disposals	<u>(1,814)</u>	<u>(3,774)</u>	<u>(5,588)</u>
At 31st March 2018	<u>4,927</u>	<u>1,715</u>	<u>6,642</u>
DEPRECIATION			
At 1st April 2017	6,048	5,489	11,537
Charge for year	326	-	326
Eliminated on disposal	<u>(1,815)</u>	<u>(3,774)</u>	<u>(5,589)</u>
At 31st March 2018	<u>4,559</u>	<u>1,715</u>	<u>6,274</u>
NET BOOK VALUE			
At 31st March 2018	<u>368</u>	-	<u>368</u>
At 31st March 2017	<u>693</u>	-	<u>693</u>

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £	2017 £
Trade debtors	1,270,827	993,291
Amounts owed by group undertakings	5,353,987	30,180
Other debtors	13,006	18,849
Prepayments	121	16,966
	<u>6,637,941</u>	<u>1,059,286</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Amounts owed to group undertakings	5,902,247	3,282,184
Taxation	11,700	25,800
Social security and other taxes	20,156	20,431
VAT	283,974	300,054
Other creditors	83,622	15,266
Accrued expenses	465,092	118,852
	<u>6,766,791</u>	<u>3,762,587</u>

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
350,000	Ordinary	1.00	<u>350,000</u>	<u>350,000</u>

12. RESERVES

	Retained earnings
	£
At 1st April 2017	630,100
Profit for the year	<u>122,129</u>
At 31st March 2018	<u>752,229</u>

13. ULTIMATE PARENT COMPANY

SQS Software Quality Systems AG (incorporated in Germany) is regarded by the directors as being the company's ultimate parent company.

The immediate parent company is SQS India BFSI Ltd, a company registered in India and listed on the NSE and BSE exchanges. Copies of the consolidated financial statements can be obtained from the company's website.

14. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

15. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Assystem Technologies Groupe.

16. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2018	2017
	£	£
Profit before taxation	151,565	127,235
Depreciation charges	326	668
Finance income	-	(20,013)
	151,891	107,890
(Increase)/decrease in trade and other debtors	(5,578,655)	784,539
Increase in trade and other creditors	3,018,304	898,548
Cash generated from operations	<u>(2,408,460)</u>	<u>1,790,977</u>

17. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st March 2018

	31/3/18	1/4/17
	£	£
Cash and cash equivalents	<u>1,230,711</u>	<u>3,682,708</u>

Year ended 31st March 2017

	31/3/17	1/4/16
	£	£
Cash and cash equivalents	<u>3,682,708</u>	<u>1,901,150</u>

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2018

	2018		2017	
	£	£	£	£
Sales		4,699,612		2,391,749
Other income				
Other interest		-		20,013
		4,699,612		2,411,762
Expenditure				
Staff remuneration	4,024,964		1,764,157	
Social security	44,187		78,793	
Recruitment expenses	24,651		-	
Telephone	1,650		(90)	
Marketing	79,518		22,989	
Travelling	57,961		70,861	
Repairs and renewals	5,000		1,000	
Staff welfare & training	7,684		309	
Sales Commission - Project	59,340		28,444	
Sundry expenses	(2)		-	
Bank Charges	3,728		938	
Local conveyance	2,202		-	
Immigration fees	95,197		34,728	
Insurance	440		313	
Subscriptions	82		918	
Professional fees	19,949		243,243	
Auditors remuneration	7,175		6,097	
Foreign exchange losses	113,995		31,159	
Depreciation of tangible fixed assets	326		668	
		4,548,047		2,284,527
NET PROFIT		151,565		127,235

This page does not form part of the statutory financial statements