

**REGISTERED NUMBER: 07211807 (England and Wales)**

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017  
FOR  
SQS BFSI UK LTD

CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017

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	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Income Statement	7
Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Financial Statements	12

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

The directors present their strategic report for the year ended 31st March 2017.

#### **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: .....

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST MARCH 2017

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The directors present their report with the financial statements of the company for the year ended 31st March 2017.

**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 2017.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st April 2016 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.

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST MARCH 2017

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**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: .....

We have audited the financial statements of SQS BFSI UK LTD for the year ended 31st March 2017 on pages seven to sixteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

**Respective responsibilities of directors and auditors**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2017 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.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

**Matters on which we are required to report by exception**

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

- 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.

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 2017

	Notes	2017		2016	
		£	£	£	£
<b>TURNOVER</b>			<b>2,391,749</b>		1,820,736
Staff costs	4	<b>1,842,950</b>		1,538,840	
Depreciation		<b>668</b>		564	
Other operating expenses		<b>440,909</b>		158,975	
			<b>2,284,527</b>		1,698,379
<b>OPERATING PROFIT</b>	6		<b>107,222</b>		122,357
Interest receivable and similar income			<b>20,013</b>		19,936
<b>PROFIT BEFORE TAXATION</b>			<b>127,235</b>		142,293
Tax on profit	7		<b>25,755</b>		27,695
<b>PROFIT FOR THE FINANCIAL YEAR</b>			<b>101,480</b>		114,598

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH 2017

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	Notes	2017 £	2016 £
<b>PROFIT FOR THE YEAR</b>		<b>101,480</b>	114,598
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>101,480</b></u>	<u>114,598</u>

The notes form part of these financial statements

BALANCE SHEET  
31ST MARCH 2017

	Notes	2017 £	£	2016 £	£
<b>FIXED ASSETS</b>					
Tangible assets	8		<b>693</b>		384
<b>CURRENT ASSETS</b>					
Debtors	9	<b>1,059,286</b>		1,843,825	
Cash at bank		<b>3,682,708</b>		1,901,150	
		<b>4,741,994</b>		3,744,975	
<b>CREDITORS</b>					
Amounts falling due within one year	10	<b>3,762,587</b>		2,866,739	
<b>NET CURRENT ASSETS</b>			<b>979,407</b>		878,236
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>980,100</b>		878,620
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		<b>350,000</b>		350,000
Retained earnings	12		<b>630,100</b>		528,620
<b>SHAREHOLDERS' FUNDS</b>			<b>980,100</b>		878,620

The financial statements were approved by the Board of Directors on ..... 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 2017

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1st April 2015</b>	350,000	414,022	764,022
<b>Changes in equity</b>			
Total comprehensive income	-	114,598	114,598
<b>Balance at 31st March 2016</b>	<u>350,000</u>	<u>528,620</u>	<u>878,620</u>
<b>Changes in equity</b>			
Total comprehensive income	-	101,480	101,480
<b>Balance at 31st March 2017</b>	<u>350,000</u>	<u>630,100</u>	<u>980,100</u>

The notes form part of these financial statements

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2017

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	590,129	(917,833)
Tax paid		(28,455)	(25,995)
Net cash from operating activities		561,674	(943,828)
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(977)	-
Interest received		20,013	19,936
Net cash from investing activities		19,036	19,936
<b>Cash flows from financing activities</b>			
Group balances		1,200,848	2,275,831
Net cash from financing activities		1,200,848	2,275,831
<b>Increase in cash and cash equivalents</b>		<b>1,781,558</b>	<b>1,351,939</b>
<b>Cash and cash equivalents at beginning of year</b>	17	<b>1,901,150</b>	<b>549,211</b>
<b>Cash and cash equivalents at end of year</b>	17	<b>3,682,708</b>	<b>1,901,150</b>

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**

	2017	2016
	£	£
Wages and salaries	1,764,157	1,457,604
Social security costs	78,793	81,236
	<u>1,842,950</u>	<u>1,538,840</u>

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

	2017	2016
Management	2	3
Other staff	44	31
	<u>46</u>	<u>34</u>

**5. DIRECTORS' EMOLUMENTS**

	2017	2016
	£	£
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

**6. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation - owned assets	668	564
Auditors remuneration	6,097	6,175
Foreign exchange differences	31,159	(17,296)
	<u>37,924</u>	<u>5,443</u>

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

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

	2017	2016
	£	£
Current tax:		
UK corporation tax	25,755	27,695
	<u>25,755</u>	<u>27,695</u>
Tax on profit	<u>25,755</u>	<u>27,695</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:

	2017 £	2016 £
Profit before tax	<u>127,235</u>	<u>142,293</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	25,447	28,459
Effects of:		
Capital allowances in excess of depreciation	(157)	-
Depreciation in excess of capital allowances	-	3
Adjustments to tax charge in respect of previous periods	<u>465</u>	<u>(767)</u>
Total tax charge	<u>25,755</u>	<u>27,695</u>

8. **TANGIBLE FIXED ASSETS**

	Fixtures and fittings £	Computer equipment £	Totals £
<b>COST</b>			
At 1st April 2016	5,764	5,489	11,253
Additions	977	-	977
At 31st March 2017	<u>6,741</u>	<u>5,489</u>	<u>12,230</u>
<b>DEPRECIATION</b>			
At 1st April 2016	5,594	5,275	10,869
Charge for year	454	214	668
At 31st March 2017	<u>6,048</u>	<u>5,489</u>	<u>11,537</u>
<b>NET BOOK VALUE</b>			
At 31st March 2017	<u>693</u>	<u>-</u>	<u>693</u>
At 31st March 2016	<u>170</u>	<u>214</u>	<u>384</u>

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

	2017 £	2016 £
Trade debtors	993,291	1,369,954
Amounts owed by group undertakings	30,180	454,150
Other debtors	18,849	19,721
Prepayments	16,966	-
	<u>1,059,286</u>	<u>1,843,825</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Amounts owed to group undertakings	3,282,184	2,484,686
Taxation	25,800	28,500
Social security and other taxes	20,431	25,143
VAT	300,054	200,796
Other creditors	15,266	21,583
Accrued expenses	118,852	106,031
	<u>3,762,587</u>	<u>2,866,739</u>

**11. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2017	2016
Number:	Class:	Nominal value:	£	£
350,000	Ordinary	1.00	<u>350,000</u>	<u>350,000</u>

**12. RESERVES**

	<b>Retained earnings</b>
	<b>£</b>
At 1st April 2016	528,620
Profit for the year	<u>101,480</u>
At 31st March 2017	<u><u>630,100</u></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 SQS Software Quality Systems AG.

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

	2017	2016
	£	£
Profit before taxation	127,235	142,293
Depreciation charges	668	564
Finance income	(20,013)	(19,936)
	<u>107,890</u>	122,921
Decrease/(increase) in trade and other debtors	360,569	(1,255,434)
Increase in trade and other creditors	121,670	214,680
<b>Cash generated from operations</b>	<u>590,129</u>	<u>(917,833)</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 2017**

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

**Year ended 31st March 2016**

	31/3/16	1/4/15
	£	£
Cash and cash equivalents	<u>1,901,150</u>	<u>549,211</u>