

Registered number
09138679

Quality & Reliability UK Limited

Financial Statements

31 December 2018

Quality & Reliability UK Limited
Report and financial information
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Quality & Reliability UK Limited
Company Information

Directors

Panagiotis Paschalakis
Emmanouil Xionis
Nikolaos Paschalakis
Theodoros Karagiannis

Auditors

Nicholas Peters & Co Limited
1st Floor North, Devonshire House
1 Devonshire Street
London
W1W 5DS

Registered office

1st Floor North, Devonshire House
1 Devonshire Street
London
W1W 5DS

Registered number

09138679

Country of incorporation

England & Wales

Quality & Reliability UK Limited

Registered number: 09138679

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2018.

Principal activities

The company's principal activity during the period was that of a holding company investing in software development entities.

Directors

The following persons served as directors during the year:

Panagiotis Paschalakis
Emmanouil Xionis
Nikolaos Paschalakis
Theodoros Karagiannis

Directors' responsibilities

The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations.

Directors have elected to prepare the financial statements in accordance with the International Financial Reporting Standards. 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 estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 applicable law. 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 of disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 16 April 2019 and signed on its behalf.

X

Panagiotis Paschalakis
Director

Quality & Reliability UK Limited Strategic Report

The company has not yet started with the activities foreseen in its original strategic planning; therefore, it has not yet yielded the income that would cater for its annual administrative and financial costs.

According to its directors, as soon as there is a reversal of the adverse economic environment in Greece, which has a great influence in the Business strategy of its subsidiary, the company will be in a position to re-launch its strategy and improve its economic figures.

The company faced following risks during the period:

Interest Rate Danger: There is no such risk, as the interest rates of the loan is steady during its period.

Liquidation risk: The company has enough resources to cover its responsibilities.

Financial risk: According to the estimates of the board there is no such a risk, based to the financial position of the parent company, that is the guarantor of the loans.

Compliance risk: There is no such risk through the processes that are being followed.

Equity Risk: The company aims at having its funds managed in a way that can ensure its ongoing activities and profit making for its shareholders. For the time being, the company is in a "stand-by mode" in terms of its original strategic planning; therefore, it has not yet developed the expected activities that would allow it to yield satisfactory profits and positive Equity.

The parent company and its directors will continue supporting the subsidiary's activities, relying on the belief that the current adverse economic environment will become better in a way that the company, be able to materialize its targets and improve its economic figures.

As the company has no activity or income we are restricted to the presentation of the company's costs for period ended 31 December 2018, that only includes the management and financial expenses for 2018. Also the parent company, Quality & Reliability S.A., has provided confirmation of its willingness to continue to provide financial support to the company.

The management costs valued at €34,122 (2017- €42,932) are consisted mainly by the expenses for a rollover of the bond loan, the insurance cover for the members of the board and accountancy fees.

The financial expenses valued at €103,693 (2017-€109,030) consist mainly of interest on the loan. The cost will be reduced significantly in 2019 as loan are repaid after the year end.

The company has net liabilities as at period end. This is mainly due to bond notes of €1.729.500 of which € 30,000 are repayable in March 2019 and the balance of € 1.699.500 will be replaced by issuing new bond notes by fellow subsidiary Quality & Reliability Cyprus Ltd. Board of Directors also agreed to transfer the intercompany balance owed by Quality and Reliability S.A of €790,676.99 as at 31.12.2018 (€697,676.69 in April 2019) to Quality and Reliability Cyprus Limited. Lastly, the directors of Quality and Reliability Cyprus Ltd agreed not to request a repayment of €1,001,823.31 which will be written off in May 2019. This will not have any tax implications in the United Kingdom.

The company has €9,667 in cash and with the support of parent company and based on above the company has enough resources to settle the liabilities as and when the fall due.

This report was approved by the board on 18 April 2019 and signed on its behalf.

X

Papagiannis Paschalakis
Director

Quality & Reliability UK Limited
Independent auditors' report
to the member of Quality & Reliability UK Limited

Opinion

We have audited the financial statements of Quality & Reliability UK Limited for the period ended 31 December 2018 which comprise the Statement of Financial Position, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Cash Flows, 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 (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements which indicates that the company's ability to continue as a going concern is dependent on parent company. In addition to this the company incurred a net loss of €137,815 during the period ended 31 December 2018 and, at the date, although the company's total assets exceeded its current liabilities by €504,861, it had net liabilities of €995,139. The company has not generated any revenue yet. As stated in note 1 of the financial statements, these events indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report & Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report & the Directors' Report have been prepared in accordance with applicable legal requirements.

Quality & Reliability UK Limited
Independent auditors' report
to the member of Quality & Reliability UK Limited

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of audit, we have not identified material misstatements in the Strategic Report & the Directors' Report.

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

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

Respective responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities statement set out on page 2 & 3, 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: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Peter Petrou
(Senior Statutory Auditor)
for and on behalf of
Nicholas Peters & Co Limited
Accountants and Statutory Auditors
18 April 2019

1st Floor North, Devonshire House
1 Devonshire Street
London

W1W 5DS

Quality & Reliability UK Limited
Statement of Profit or loss and other comprehensive income
for the year ended 31 December 2018

	Notes	2018 €	2017 €
Administrative expenses		(34,122)	(42,932)
Loss from operations	2	<u>(34,122)</u>	<u>(42,932)</u>
Finance costs	3	(103,693)	(109,030)
Loss before tax		<u>(137,815)</u>	<u>(151,962)</u>
Taxes	4	-	-
Loss and total comprehensive income		<u>(137,815)</u>	<u>(151,962)</u>

Discontinued operations : there are none

Quality & Reliability UK Limited
Statement of financial position
as at 31 December 2018

	Notes	2018 €	2017 €
Current assets			
Trade and other receivables	5	794,021	897,650
Cash and cash equivalents		9,667	69,778
		<u>803,688</u>	<u>967,428</u>
Current liabilities			
Trade and other payables	6	(298,827)	(324,752)
Net current assets		<u>504,861</u>	<u>642,676</u>
Total assets less current liabilities		<u>504,861</u>	<u>642,676</u>
Non current liabilities			
Long-term borrowings	7	(1,500,000)	(1,500,000)
Net liabilities		<u>(995,139)</u>	<u>(857,324)</u>
Equity			
Share capital	8	1	1
Retained earnings	9	(995,140)	(857,325)
Total equity		<u>(995,139)</u>	<u>(857,324)</u>

The financial statements were approved and authorised for issue by the Board on:

X

Panagiotis Paschalakis
Director

Signed on behalf of the board on 18 April 2019



Quality & Reliability UK Limited
Statement of changes in equity
as at 31 December 2018

	Share Capital €	Retained earnings €	Total equity €
Balance as at 1 January 2017	1	(705,363)	(705,362)
Loss for the year	-	(151,962)	(151,962)
Balance as at 31 December 2017	<u>1</u>	<u>(857,325)</u>	<u>(857,324)</u>
Balance as at 1 January 2018	1	(857,325)	(857,324)
Loss for the year	-	(137,815)	(137,815)
Balance at 31 December 2018	<u>1</u>	<u>(995,140)</u>	<u>(995,139)</u>

Quality & Reliability UK Limited
Statement of cash flows
for the year ended 31 December 2018

	Notes	2018 €	2017 €
Cash flow from operating activities			
Loss from operations		(34,122)	(42,932)
Decrease in trade and other receivables		103,629	57,557
Decrease in trade & other payables		(25,925)	(36,886)
		<hr/>	<hr/>
Cash generated from operations		43,582	(22,261)
Cash flow from financing activities			
Interest paid	11	(103,693)	(109,030)
Taxes paid	4	-	-
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(60,111)	(131,291)
Cash and cash equivalents at the beginning of the period		69,778	201,069
Cash and cash equivalents at the end of the period		<hr/> 9,667	<hr/> 69,778

Quality & Reliability UK Limited
Notes to the Accounts
for the year ended 31 December 2018

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. The financial statements have been prepared using the historical cost convention except if disclosed in the accounting policies below if shown at fair value.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in future, such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

The company's ability to continue as a going concern is dependant upon support from parent company.

The company has not started to make any sales and there is uncertainty regarding future sales considering its business activity. The parent company has proven track records and prepared financial projections which show their belief that the company will continue to have adequate resources to meet its liabilities when they fall due and they consider it appropriate to prepare the financial statements on the going concern basis.

The financial statements relate to the entity only, are presented in euros for filing at Companies House and for management purpose and there is not any level of rounding. The company functional currency is €.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is not recognised until the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and time, call and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the statement of cash flows.

Borrowings

Borrowings are classified as originated loans and are recognised initially at an amount equal to the proceeds received, net of transaction costs incurred. In subsequent periods, they are stated at amortised cost using the effective yield method: any difference between proceeds (net of transactions costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings.

Quality & Reliability UK Limited
Notes to the Accounts
for the year ended 31 December 2018

Fair values

Fair value is the amount for which a financial asset, liability or instrument could be exchanged between knowledgeable and willing parties in an arm's length transaction. It is determined by reference to quoted market prices adjusted for estimated transaction costs that would be incurred in an actual transaction, or by the use of established estimation techniques. The fair values at the end of the reporting period are approximately in line with their reported carrying values unless specifically mentioned in the notes to the financial statements.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the statement of profit or loss and other comprehensive income.

2 Auditors' remuneration	2018	2017
	€	€
This is stated after charging:		
Fees payable to the company's auditor for the audit of the company's accounts	8,022	13,660
Fees payable to the company's auditor for other services.	<u>8,104</u>	<u>5,200</u>
3 Finance costs	2018	2017
	€	€
Other interest expenses	<u>103,693</u>	<u>109,030</u>
4 Income taxes	2018	2017
	€	€
Income tax recognised in profit or loss		
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

The total charge for the period can be reconciled to the accounting profit as follows:

Quality & Reliability UK Limited
Notes to the Accounts
for the year ended 31 December 2018

	2018	2017
	€	€
Loss on ordinary activities before tax	<u>(137,815)</u>	<u>(151,962)</u>
Standard rate of corporation tax in the UK	19%	20%
	€	€
Profit on ordinary activities multiplied by the standard rate of corporation tax	(26,185)	(30,392)
Effects of:		
Utilisation of tax losses	26,185	30,392
Current tax charge for period	<u>-</u>	<u>-</u>
5 Trade and other receivables	2018	2017
	€	€
Amounts owed by group undertakings and undertakings in which the company has a participating interest	790,677	895,677
Prepayments and accrued income	<u>3,344</u>	<u>1,973</u>
	<u>794,021</u>	<u>897,650</u>
6 Trade and other payables	2018	2017
	€	€
Trade payables	3,899	3,149
Other creditors	229,500	259,500
Accruals	<u>65,428</u>	<u>62,103</u>
	<u>298,827</u>	<u>324,752</u>
7 Borrowings	2018	2017
	€	€
Summary of borrowing arrangements:		
Secured - at amortised cost		
Loan notes	<u>1,500,000</u>	<u>1,500,000</u>
Analysis of maturity of debt:		
Within one year or on demand	229,500	259,500
Between one and two years	<u>1,500,000</u>	<u>1,500,000</u>
	<u>1,729,500</u>	<u>1,759,500</u>

Quality & Reliability UK Limited
Notes to the Accounts
for the year ended 31 December 2018

The loan notes totalling €1.5M are secured by the Quality & Reliability SA (parent company) and Digibooks4all S.A. pay an annual not compounded interest at 6.00%. It was agreed on 4 April 2019 (after the year end) the repayment of the loan will take place on 6 May 2019 with the exchange of the existing notes with new notes of €25,000 each issued by Quality and Reliability Cyprus Ltd.

The further loan notes of €300,000 (no guarantees given) issued in December 2016 of which €40,500 has been repaid in April 2017 and €30,000 has been repaid in June 2018. The balance of €30,000 plus interest is due on 29 March 2019 as amended on Special Resolution . The remaining balance of €199,500 will be transferred to Quality & Reliability Cyprus Ltd on 29 March 2019 where new bonds will be given to bond holders in replacement of the bonds from Quality & Reliability UK Ltd. The interest is charged at 7% per annum (not compounded) until the date of issue of new bond notes.

8 Issued capital	Nominal value	2018 Number	2018 €	2017 €
Fully paid:				
Ordinary shares	€1 each	1	<u>1</u>	<u>1</u>

9 Retained earning and dividends	2018 €
At 1 January 2018	(857,325)
Loss for the financial year	(137,815)
Balance at end of year	<u>(995,140)</u>

10 Reconciliation of movement in shareholder's funds	2018 €	2017 €
At 1 January	(857,324)	(705,362)
Loss for the financial year	(137,815)	(151,962)
At 31 December	<u>(995,139)</u>	<u>(857,324)</u>

11 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2018 €	2017 €
Cash and cash equivalents	<u>9,667</u>	<u>69,778</u>

Quality & Reliability UK Limited
Notes to the Accounts
for the year ended 31 December 2018

12 Post balance sheet events

The Board of Directors (BoD) agreed to issue new Bond Notes under a fellow subsidiary called Quality and Reliability Cyprus Limited, which will replace the Bond Notes outstanding as at March 2019 totalling €1,699,500 issued by Quality & Reliability UK Ltd.

Furthermore, the BoD agreed to transfer the intercompany balance owed by Quality and Reliability S.A of €790,676.99 as at 31.12.2018 (€697,676.69 in April 2019) to Quality and Reliability Cyprus Limited. The directors of Quality and Reliability Cyprus Ltd agreed not to request a repayment of €1,001,823.31 which will be written off in May 2019. This will not have any tax implications in the United Kingdom.

13 Related party transactions

	2018	2017
	€	€
Quality & Reliability S.A.		
Shareholder		
Loans due from Quality & Reliability S.A.		
Amount due from the related party	790,677	895,677

14 Ultimate controlling party

The ultimate controlling party is Quality & Reliability S.A. a company incorporated in Greece at Konitsis, 11b Str, Marousi, 15125 Athens.

15 Company information

The company is a Limited company guaranteed by shares and incorporated in England and Wales. The company registered office address is 1st Floor (North), Devonshire House, 1 Devonshire Street, London, W1W 5DS. The company is domiciled in United Kingdom. The place of business is same as note 13.

Quality & Reliability UK Limited
Detailed profit and loss account
for the year ended 31 December 2018

	2018	2017
	€	€
Administrative expenses	(34,122)	(42,932)
Operating loss	<u>(34,122)</u>	<u>(42,932)</u>
Interest payable	(103,693)	(109,030)
Loss before tax	<u>(137,815)</u>	<u>(151,962)</u>

Quality & Reliability UK Limited
Detailed profit and loss account
for the year ended 31 December 2018

	2018 €	2017 €
Administrative expenses		
General administrative expenses:		
Subscriptions	1,000	2,887
Bank charges	1,499	1,793
Insurance	15,394	18,475
Exchange differences & charges	103	917
	<u>17,996</u>	<u>24,072</u>
Legal and professional costs:		
Audit fees	8,022	13,660
Accountancy fees	8,104	5,200
	<u>16,126</u>	<u>18,860</u>
	<u>34,122</u>	<u>42,932</u>