

Company Registration No. 02591405 (England and Wales)

PARCEL2GO.COM LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2017



PARCEL2GO.COM LIMITED

COMPANY INFORMATION

Directors	HPA Adams-Mercer RHP Adams-Mercer JB Greenbury SJ Kramer CA Simpson
Secretary	RHP Adams-Mercer
Company number	02591405
Registered office	The Cube Coe Street Off Bridgeman Street Bolton Lancashire BL3 6BU
Auditor	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF
Business address	The Cube Coe Street Off Bridgeman Street Bolton Lancashire BL3 6BU

PARCEL2GO.COM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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

Fair review of the business

We are satisfied with the results of the Company as shown in these financial statements and by the key performance indicators below.

Most of the growth in Company turnover has arisen in the UK through our main website www.parcel2go.com. However, we have also increased the total number of websites and seen strong growth in the sales volumes of our white label operations. White label operations are whereby we operate online direct-to-consumer/SME websites on behalf of major organisations both in the UK and internationally. We are also encouraged by continued sales through our Parcel2Go branded international websites.

Growth levels in Company turnover reflect the increased usage of ecommerce by consumers/SME's, the success of our marketing campaigns and continued investment in IT.

Future developments

Future developments of the Company include the continued organic growth of the UK market along with an increase in the number and volume of white label operations in the UK and international markets.

Principal risks and uncertainties

The directors have assessed the main risks facing the company as being increased competition. However, the directors consider the quality of service provided and continued investment in our services will enable the business to maintain a strong position.

Key performance indicators

We monitor performance each month by comparing actual performance against the previous year and against our annual budgets. We pay particular attention to the following key performance indicators:

Turnover:	£56,268k	(2016: £43,908k)
Gross profit:	£8,910k	(2016: £8,167k)
Gross margin %:	15.8%	(2016: 18.6%)
EBITDA:	£1,856k	(2016: £1,409k)
EBITDA %:	3.3%	(2016: 3.2%)
Cash at bank:	£4,737k	(2016: £2,134k)
Shareholders funds:	£3,120k	(2016: £1,413k)

Gross profit increased during the year as did EBITDA (earnings before interest, tax, depreciation and amortisation). However, the gross margin % has reduced year on year principally as a result of increased competitive pressures on pricing within the market.

Payroll costs during the year include a £119k (2016: £Nil) charge relating to share based payments to Company employees. The 21.5% year on year increase in payroll costs reflect this charge but also the increase in variable costs associated with a 28% increase in Company turnover. In addition increased payroll costs also reflect a greater investment in the senior management and IT development teams within the Company.

During the year the Company maintained satisfactory cash balances. The balance sheet was further strengthened by profits generated during the year and improved working capital related balances, which reflect the increased trading activity of the Company.

PARCEL2GO.COM LIMITED

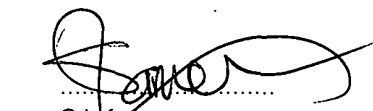
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Financial Risk Management

We make little use of financial instruments other than an operational bank account and bank borrowings. We consider that our exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the financial position or results of the Company.

On behalf of the board



SJ Kramer
Director
25/9/17

PARCEL2GO.COM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company during the year was the provision of online parcel delivery services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

HPA Adams-Mercer
RHP Adams-Mercer
JB Greenbury
SJ Kramer
CA Simpson

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Research and development

The company had research and development expenditure of £508k (2016: £285k). The costs are written off in the year in which it is incurred.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

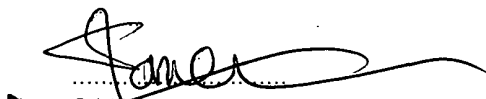
Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

The company has chosen in accordance with Companies Act 2006 2.414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch .7 to be contained in the directors' report.

On behalf of the board


SJ Kramer
Director
25.9.17

PARCEL2GO.COM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARCEL2GO.COM LIMITED

Opinion on financial statements

We have audited the financial statements on pages 6 to 23. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

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

Respective responsibilities of directors and auditor

As more fully explained 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. 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.

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.

Rsm UK Audit LLP

Anthony Steiner FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

3 Hardman Street

Manchester

M3 3HF

2.10.17

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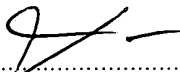
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

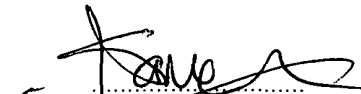
	Notes	2017 £000	2016 £000
Turnover	3	56,268	43,908
Cost of sales		(47,358)	(35,741)
Gross profit		<u>8,910</u>	<u>8,167</u>
Administrative expenses		(7,135)	(6,831)
Profit before taxation		<u>1,775</u>	<u>1,336</u>
Taxation	7	(187)	(115)
Profit for the financial year		<u><u>1,588</u></u>	<u><u>1,221</u></u>

PARCEL2GO.COM LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2017**

	Notes	2017 £000	2016 £000
Fixed assets			
Intangible assets	8	5	7
Tangible assets	9	149	206
		<u>154</u>	<u>213</u>
Current assets			
Debtors	10	6,816	5,274
Cash at bank and in hand		4,737	2,134
		<u>11,553</u>	<u>7,408</u>
Creditors: amounts falling due within one year	11	(8,576)	(6,194)
Net current assets		<u>2,977</u>	<u>1,214</u>
Total assets less current liabilities		<u>3,131</u>	<u>1,427</u>
Provisions for liabilities	12	(11)	(14)
Net assets		<u><u>3,120</u></u>	<u><u>1,413</u></u>
Capital and reserves			
Called up share capital	14	1	1
Other reserves		119	-
Profit and loss reserves		3,000	1,412
Total equity		<u><u>3,120</u></u>	<u><u>1,413</u></u>

The financial statements were approved by the board of directors and authorised for issue on 25th September 2017 and are signed on its behalf by:


 RHP Adams-Mercer
 Director


 S.I. Kramer
 Director

PARCEL2GO.COM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share capital	Other reserves	Profit and loss reserves	Total
	£000	£000	£000	£000
Balance at 1 April 2015	1	-	191	192
Year ended 31 March 2016:				
Profit and total comprehensive income for the year	-	-	1,221	1,221
Balance at 31 March 2016	1	-	1,412	1,413
Year ended 31 March 2017:				
Profit and total comprehensive income for the year	-	-	1,588	1,588
Capital contribution	-	119	-	119
Balance at 31 March 2017	1	119	3,000	3,120

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Parcel2go.com Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Cube, Coe Street, Off Bridgeman Street, Bolton, Lancashire, BL3 6BU.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 and in accordance with the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

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

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements in respect of its individual financial statements. These disclosures are given on a consolidated basis;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 26 'Share based payments' - Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modification to arrangements.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

Parcel2go.com Limited is a wholly owned subsidiary of P2G.com Worldwide Limited, a company incorporated in the United Kingdom, and the results of Parcel2go.com are included in the consolidated financial statements of P2G.com Worldwide Limited, which are publicly available.

Going concern

As part of its going concern review the directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks". The directors have prepared detailed financial forecasts and cash flows looking 12 months ahead from the date the accounts are signed. In drawing up these forecasts the directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

The current cash funding requirements prepared by management have given the directors a reasonable expectation that the company will have sufficient resources available to continue in operational existence for the foreseeable future, with the confirmed continued support of its bankers. For these reasons, the directors consider it appropriate to prepare the financial statements on a going concern basis.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	25% straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	25% straight line
Plant and machinery	25% reducing balance & 25% straight line
Fixtures & Fittings	25% reducing balance & 25% straight line
Equipment	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Share-based payments

The group grants share options ("equity-settled share based payments") to certain employees.

Equity-settled share based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies (Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Research and development

The Company capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

- a) The technical feasibility of completing the development so the intangible asset will be available for use and sale.
- b) Its intention to complete the development and to use or sell the intangible asset.
- c) Its ability to use or sell the intangible asset
- d) How the intangible asset will generate probable future economic benefits
- e) The availability of adequate technical, financial and other resources to complete the development and to use and sell the intangible asset.
- f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

All research and development expenditure that does not meet the above conditions is expensed as incurred.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical accounting estimates and assumptions

Share-based payments

The group issues share options to certain employees. The Black-Scholes model is used to calculate the appropriate charge for these options. The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate, volatility, exercise restrictions and estimated exercise date. A significant element of judgement is therefore involved in the calculation of the charge.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £000	2016 £000
Turnover analysed by class of business		
Turnover attributable to the principal activity	56,268	43,908
	<u>56,268</u>	<u>43,908</u>
Turnover analysed by geographical market		
	2017 £000	2016 £000
United Kingdom	54,933	43,124
Rest of European Union	1,335	784
	<u>56,268</u>	<u>43,908</u>

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Number of distribution staff - full time	-	1
Number of administrative staff - full time	71	70
Number of administrative staff - part time	70	82
Number of management staff - full time	7	7
Number of management staff - part time	3	3
	<u>151</u>	<u>163</u>

Their aggregate remuneration comprised:

	2017 £000	2016 £000
Wages and salaries	3,391	2,801
Social security costs	322	253
Pension costs	16	14
	<u>3,729</u>	<u>3,068</u>

5 Directors' remuneration

	2017 £000	2016 £000
Remuneration for qualifying services	333	380
Company pension contributions to defined contribution schemes	1	2
	<u>334</u>	<u>382</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £000	2016 £000
Remuneration for qualifying services	<u>140</u>	<u>175</u>

There were pension contributions of £372 (2016: £366) in respect of the highest paid director.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

6 Operating profit

	2017 £000	2016 £000
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	62	-
Fees payable to the company's auditor for the audit of the company's financial statements	20	14
Depreciation of owned tangible fixed assets	79	73
(Profit)/loss on disposal of tangible fixed assets	-	5
Amortisation of intangible assets	2	-
Share-based payments	119	-
Operating lease charges	30	30
	<u> </u>	<u> </u>

The company had research and development expenditure of £508k (2016: £285k). The costs are written off in the year in which it is incurred.

7 Taxation

	2017 £000	2016 £000
Current tax		
UK corporation tax on profits for the current period	224	160
Adjustments in respect of prior periods	(34)	(54)
	<u> </u>	<u> </u>
Total current tax	190	106
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(4)	9
Changes in tax rates	(1)	-
Adjustment in respect of prior periods	2	-
	<u> </u>	<u> </u>
Total deferred tax	(3)	9
	<u> </u>	<u> </u>
Total tax charge	187	115
	<u> </u>	<u> </u>

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

7 Taxation (Continued)

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2017 £000	2016 £000
Profit before taxation	1,775	1,336
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	355	267
Tax effect of expenses that are not deductible in determining taxable profit	1	-
Adjustments in respect of prior years	(34)	(54)
Group relief	(22)	(28)
Depreciation on assets not qualifying for tax allowances	4	4
Deferred tax adjustments in respect of prior years	2	-
Other differences/deduction for R&D expenditure	(119)	(74)
Taxation charge for the year	187	115

Factors affecting future tax charges

The main rate of corporation tax stands at 20% in 2016/17. This will be further reduced to 19% for financial years starting on 1 April 2017 and then to 17% from 1 April 2020, thus aligning the main company rate and the small company rate. These reductions were substantively enacted on 6 September 2016.

8 Intangible fixed assets

	Software £000
Cost	
At 1 April 2016 and 31 March 2017	305
Amortisation and impairment	
At 1 April 2016	298
Amortisation charged for the year	2
At 31 March 2017	300
Carrying amount	
At 31 March 2017	5
At 31 March 2016	7

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

9 Tangible fixed assets

	Leasehold improvements £000	Plant and machinery £000	Fixtures & Fittings £000	Equipment £000	Total £000
Cost					
At 1 April 2016	383	47	86	125	641
Additions	4	2	2	14	22
At 31 March 2017	387	49	88	139	663
Depreciation and impairment					
At 1 April 2016	225	42	76	92	435
Depreciation charged in the year	57	2	4	16	79
At 31 March 2017	282	44	80	108	514
Carrying amount					
At 31 March 2017	105	5	8	31	149
At 31 March 2016	158	5	10	33	206

10 Debtors

	2017 £000	2016 £000
Amounts falling due within one year:		
Trade debtors	172	81
Amounts owed by group undertakings	5,476	4,133
Other debtors	801	896
Prepayments and accrued income	367	164
	6,816	5,274

11 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Payments received on account	1,063	798
Trade creditors	4,939	3,818
Corporation tax	63	78
Other taxation and social security	315	272
Accruals and deferred income	2,196	1,228
	8,576	6,194

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

12 Provisions for liabilities

	Notes	2017 £000	2016 £000
Deferred tax liabilities	13	11	14
		<u>11</u>	<u>14</u>

13 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £000	Liabilities 2016 £000
Balances:		
Excess of taxation allowances over depreciation	11	14
	<u>11</u>	<u>14</u>
Movements in the year:		2017 £000
Liability at 1 April 2016		14
Credit to profit or loss		(3)
Liability at 31 March 2017		<u>11</u>

14 Share capital

	2017 £000	2016 £000
Ordinary share capital		
Issued and fully paid		
1,117 Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

Options have been granted to certain employees of Parcel2Go.com Limited in respect of service under the P2G.com Worldwide Limited Enterprise Management Scheme. There are two share option plans. Whilst in respect of one of the plans there is a shareholder exit-only exercise condition, options in respect of the other plan are not subject to any exercise conditions. Options are exercisable at any time within 10 years of the grant date.

Share premium account:

At 31 March 2017 the balance on the share premium account was £384 (2016 - £384).

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

15 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£000	£000
Charge to profit or loss in respect of defined contribution schemes	16	14

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions totalling £3k (2016: £2k) were payable to the fund at the year end and are included in creditors.

16 Purpose of reserves

Reserves of the company represent the following:

Other reserves

The other reserve represents a capital contribution reserve in respect of share-based payments.

Profit and loss account

Cumulative profit and loss net of distribution to owners.

17 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£000	£000
Within one year	55	30
Between two and five years	211	20
	<u>266</u>	<u>50</u>

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

18 Related party transactions

Transactions with related parties

Transactions with group companies

The company has taken advantage of the disclosure exemption relating to section 33.1A of the standard, with regards to the requirement of disclosing transactions with fellow group entities.

Other related parties

The Company's main premises are rented at normal commercial rates from Sat Pro. There is an additional property used by the company which is rented out at normal commercial rates from Adams Mercer Properties, both of which are business that HPA Adams-Mercer and RHP Adams-Mercer are proprietors or partners. There have also been miscellaneous sales and purchases of goods and services with Sat Pro.

The Company has traded in the normal course of business with Charon International Ltd (trading as the Snugg) and Go Charitable Ltd, companies of which RHP Adams-Mercer is or was a director and shareholder. The company has also traded in the normal course of business with TopBrands2Go.com and Cube Fulfilment Limited, companies of which HPA Adams-Mercer is or was a director and shareholder. The company has also traded in the normal course of business with FAM Satpro LLC, a company in which the daughter of HPA Adams-Mercer is a director.

During the year the company entered into the following transactions with related parties:

Sale of goods		Purchase of goods	
2017	2016	2017	2016
£000	£000	£000	£000
22	36	176	109
==	==	==	==

The following amounts were outstanding at the reporting end date:

Amounts owed to related parties	
2017	2016
£000	£000
11	2
==	==
11	2
==	==

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

18 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties 2017		Amounts owed by related parties 2016	
Balance £000	Net £000	Balance £000	Net £000
1	1	4	4
<u>1</u>	<u>1</u>	<u>4</u>	<u>4</u>
<u>1</u>	<u>1</u>	<u>4</u>	<u>4</u>

19 Controlling party

The company is controlled from its parent company P2G.com Worldwide Limited, the financial statements of which can be obtained by Companies House.

The directors do not consider there to be an ultimate controlling party.