P2G.COM Worldwide Limited

Report and Consolidated Financial Statements

for the year ended

31 March 2017

Company Registration No. 08212827

P2G.COM Worldwide Limited
Contents

P2G.COM Worldwide Limited
Officers and Professional Advisors

Directors
HPA Adams-Mercer
RHP Adams-Mercer
JB Greenbury
SJ Kramer
MJC Livingstone
GS Manton
CA Simpson

Business Address
The Cube
Coe Street
Off Bridgeman Street
Bolton
Lancashire
BL3 6BU

Registered Office
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Coe Street
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Auditor
RSM UK Audit LLP
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Bankers
National Westminster Bank Plc
24 Deansgate
Bolton
Lancashire
Bl1 1BN

We have prepared this Strategic Report to accompany the Directors' Report and financial statements of the group.

Principal activities and business review
The principal activity of the company during the period was that of an investment company whilst the principal activity of the group was the provision of online parcel delivery services.

Most of the growth in group 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 group 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 group 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. In July 2017, the group acquired ASB Trading Limited t/a National Pallets and are actively seeking potential future acquisitions.

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:

	Group	
	Year Ended to 31/3/17 £000	Year Ended to 31/3/16 £000
Turnover	56,268	43,908
Gross profit	8,910	8,167
Gross margin %	15.8%	18.6%
EBITDA	1,835	1,359
EBITDA%	3.3%	3.1%
Cash at bank carried forward	4,738	2,135
Shareholders' funds carried forward	3,049	2,728

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 group 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 group turnover. In addition, increased payroll costs also reflect a greater investment in the senior management and IT development teams within the group.

During the year, the group maintained satisfactory cash balances and also repaid £1.25M of bank borrowings. 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 group.

Principal risks and uncertainties
The directors have assessed the main risks facing the group as being increased competition. However, the directors consider the quality of service and continued investment will enable the business to maintain a strong position.

Financial Risk Management
The company and group make little use of financial instruments other than an operational bank account and bank borrowings and loan notes. 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 group or company.

Signed on behalf of the directors

S J Kramer
Director

Date: 25 September 2017

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

Results and dividends
The profit for the year amounted to £202k (2016 - loss £195k). The directors have not recommended a dividend.

Directors
The directors who served the company during the year and up to the date of signature were as follows:

HPA Adams-Mercer
RHP Adams-Mercer
JB Greenbury
SJ Kramer
MJC Livingstone
GS Manton
CA Simpson

Directors' responsibilities
The directors are responsible for preparing the Strategic Report, 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 the group and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Post Balance Sheet Events
On 12 April 2017, 1,618,387 preference shares were redeemed at par.

On 21 July 2017, the company acquired the entire share capital of ASB Trading Ltd, for consideration of circa. £1.1m.

Statement of disclosure to auditor
So far as the directors are aware, there is no relevant audit information of which the group'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 group's auditor is aware of that information.

Strategic report
The Group has chosen in accordance with Companies Act 2006 2.414C(11) to set out in the Group'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.

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.

Signed on behalf of the directors

On behalf of the Board

S J Kramer
Director

Date: 25 September 2017

Opinion on financial statements
We have audited the group and parent company financial statements on pages 7 to 28. 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 group's and parent company's affairs as at 31 March 2017 and of the group's 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 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 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 group and the parent company and its environment obtained in the course of the audit, we have not identified any 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

P2G.COM Worldwide Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2017

	Notes	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Turnover	1	56,268	43,908
Cost of sales		(47,358)	(35,741)
Gross profit		8,910	8,167
Administrative expenses		(8,433)	(8,158)
Operating profit		477	9
Interest payable and similar charges	6	(88)	(89)
Profit /(Loss) on ordinary activities before taxation		389	(80)
Tax on profit/ (loss) on ordinary activities	7	(187)	(115)
Profit/(loss) for the financial year		202	(195)

Profit and total comprehensive income for the year are all attributable to the owners of the parent company.

P2G.COM Worldwide Limited

Statements of Financial Position

31 March 2017 Company Registration No. 08212827

	Notes	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Fixed Assets					
Intangible assets	8	7,139	8,418	-	-
Tangible assets	9	149	206	-	-
Investments	10	-	-	13,938	13,817
		7,288	8,624	13,938	13,817
Current Assets					
Debtors	11	1,374	1,194	32	52
Cash at bank and in hand		4,738	2,135	1	1
		6,112	3,329	33	53
Creditors					
Amounts falling due within one year	12	(8,840)	(7,461)	(5,742)	(5,401)
Net Current Liabilities		(2,728)	(4,132)	(5,709)	(5,348)
Total Assets less Current Liabilities		4,560	4,492	8,229	8,469
Creditors					
Amounts falling due after more than one year	13	(1,500)	(1,750)	(1,500)	(1,750)
Provisions for liabilities					
Deferred taxation	16	(11)	(14)	-	-
Net assets		3,049	2,728	6,729	6,719
Capital and Reserves					
Called-up share capital	18	3,238	3,238	3,238	3,238
Share based payment	20	119	-	119	-
Capital redemption reserve		1,643	1,643	1,643	1,643
Profit and loss account		(1,951)	(2,153)	1,729	1,838
Shareholders' funds		3,049	2,728	6,729	6,719

The company's loss for the year and total comprehensive loss for the year were £109k (2016: £141k) and £109k (2016: £141k), respectively.

These financial statements were approved by the directors, authorised for issue on 25|9|17 and are signed on their behalf by:

G S Manton
Director

S J Kramer
Director

The notes on pages 12 to 28 form part of these financial statements.

Consolidated Statement of Changes in Equity
31 March 2017

	Share Capital £000	Share based payment £000	Capital redemption reserve £000	Profit & Loss £000	Total £000
Balance at 1 April 2015	**4,856**	**-**	**-**	**(315)**	**4,541**
Year ended 31 March 2016					
Loss and total comprehensive loss for the year	-	-	-	(195)	(195)
Redemption of preference share capital	(1,618)	-	-	-	(1,618)
Capital redemption reserve transfer	-	-	1,643	(1,643)	-
Balance at 31 March 2016	**3,238**	**-**	**1,643**	**(2,153)**	**2,728**
Year ended 31 March 2017					
Profit and total comprehensive profit for the year	-	-	-	202	202
Share based payment	-	119	-	-	119
Balance at 31 March 2017	**3,238**	**119**	**1,643**	**(1,951)**	**3,049**

	Share Capital £000	Share based payment £000	Capital redemption reserve £000	Profit & Loss £000	Total £000
Balance at 1 April 2015	**4,856**	**-**	**-**	**3,622**	**8,478**
Year ended 31 March 2016					
Loss and total comprehensive loss for the year	-	-	-	(141)	(141)
Redemption of preference share capital	(1,618)	-	-	-	(1,618)
Capital redemption reserve transfer	-	-	1,643	(1,643)	-
Balance at 31 March 2016	**3,238**	**-**	**1,643**	**1,838**	**6,719**
Year ended 31 March 2017					
Loss and total comprehensive loss for the year	-		-	(109)	(109)
Share based payment	-	119	-	-	119
Balance at 31 March 2017	**3,238**	**119**	**1,643**	**1,729**	**6,729**

P2G.COM Worldwide Limited

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Cash generated from operations	**21**	4,168	1,435
Interest paid		(88)	(89)
Income taxes paid		(205)	(87)
Net cash from operating activities		3,875	1,259
Investing activities			
Purchase of tangible fixed assets		(22)	(160)
Purchase of intangible fixed assets		-	(7)
Net cash used in investing activities		(22)	(167)
Financing activities			
Proceeds of new borrowings		-	3,000
Repayment of borrowings		(1,250)	(1,500)
Redemption of preference share capital		-	(1,618)
Net cash used in financing activities		(1,250)	(118)
Net increase in cash and cash equivalents		2,603	974
Cash and cash equivalents at beginning of year		2,135	1,161
Cash and cash equivalents at end of year		4,738	2,135

General Information
P2G.COM Worldwide Limited ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and place of business is The Cube, Coe Street, Off Bridgeman Street, Bolton, Lancashire, BL3 6BU

The company's principal activity is that of a holding company. The principal activity of the group was the provision of online parcel delivery services.

Accounting convention
The financial statements of the group 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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

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

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 and group 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.

Basis of Consolidation
The consolidated financial statements incorporate those of P2G.Com Worldwide Limited all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method or merger method as appropriate. Their results are incorporated from the date that control passes. All financial statements are made up to 31 March each year.

The company has taken advantage of Section 408 of the Companies Act 2006 not to present its own profit and loss account.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Reduced disclosures
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 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares
- 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 Payment' – 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 modifications to arrangements
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the Company are consolidated in the financial statements of P2G.COM Worldwide Limited.

Turnover
Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

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.

Research and development
The Group 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.

Goodwill
Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 10 years. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation
Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Software	-	25% straight line

Tangible Fixed Assets and Depreciation
Tangible fixed assets are stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets, so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	25% reducing balance and 25% straight line
Leasehold Improvements	-	25% straight line
Plant & Machinery	-	25% reducing balance and 25% straight line
Equipment	-	25% straight line

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

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

Impairment of fixed assets
At each reporting end date, the group and 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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.

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.

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.

Investments in subsidiary undertakings
Long term investments are described as participating interests and are classified as fixed assets. Participating interests are stated at cost in the Company's balance sheet. Provision is made for any impairment in the value.

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 tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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 is not discounted.

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.

Current and deferred tax is charged or credited in 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 a net basis or to realise the asset and settle the liability simultaneously.

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 the 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.

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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group/Company becomes a party to the contractual provisions of the instrument, and are offset only when the Group/Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Basic financial assets
Trade and other debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

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 liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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 Group/Company after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group/company.

Trade and other creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

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 group 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 the shares that will eventually vest. A corresponding adjustment is made to equity.

CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.
Goodwill
The directors of the Group consider the policy to keep the useful life of goodwill to 10 years as a fair estimate and so there has been no change in the amortisation rate in the current year.
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.

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2017	2016
	£000	£000
United Kingdom	54,933	43,124
Rest of the European Union	1,335	784
	56,268	43,908

2 Operating profit

Operating profit is stated after charging:

	2017	2016
	£000	£000
Amortisation of intangible assets	1,279	1,277
Depreciation of owned fixed assets	79	73
Auditors remuneration:		
- Parent	2	2
- Subsidiary	18	12
Operating lease costs:		
- Other	30	30
Loss on disposal of tangible fixed assets	-	5
Loss on foreign currency translation	62	-

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

3 Employees

Group and company:

Average number employed including executive directors:

	2017	2016
	No.	No.
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
	151	163

3 Employees (continued)

The average payroll costs of the above were

	2017	2016
	£000	£000
Wages and salaries	3,272	2,801
Social security costs	322	253
Other pension costs	16	14
Cost of employee share schemes	119	-
	3,729	3,068

4 Directors' Emoluments

The directors' aggregate remuneration in respect of qualifying services were:

	2017	2016
	£000	£000
Remuneration receivable	456	635
Pension contributions	2	2
	458	637

Remuneration of highest paid director:

	2017	2016
	£000	£000
Total remuneration (excluding pension contributions)	140	175

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

Gary Manton holds 400 'A' class ordinary share options.

5 Retirement Benefits

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the company and independently administered funds. The pension cost charge represents contributions payable by the group to the fund and amounted to £16k (2016: £14k). Contributions totalling £3k (2016: £2k) were payable to the fund at the year end and are included in creditors.

6 Interest payable and similar charges

	2017	2016
	£000	£000
Interest payable on bank borrowing	88	89

7 Taxation

	2017 £000	2016 £000
Current tax:		
In respect of the year:		
UK corporation tax on profits of the period at 20% (2016: 20%)	224	160
Adjustments in respect of prior periods	(34)	(54)
Total current tax	190	106
Deferred taxation:		
Origination and reversal of timing differences	(4)	9
Changes in tax rates	(1)	-
Adjustments in respect of prior periods	2	-
Total deferred tax charge	(3)	9
Total tax charge	187	115

Factors affecting tax charge for period:	2017 £000	2016 £000
The tax assessed for the period differs from the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:		
Profit / (loss) on ordinary activities before tax	389	(80)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	78	(16)
Effects of:		
Fixed asset differences	4	4
Adjustments in respect of prior periods	(34)	(54)
Expenses not deductible for tax purposes	256	255
Other differences/deduction for R&D expenditure	(119)	(74)
Deferred tax adjustments in respect of prior periods	2	-
Total tax charge	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

	Goodwill	Software	Total
Cost	**£000**	**£000**	**£000**
At 1 April 2016 and 31 March 2017	12,774	305	13,079
Amortisation			
At 1 April 2016	4,363	298	4,661
Charge in year	1,277	2	1,279
At 31 March 2017	5,640	300	5,940
Carrying amount			
At 31 March 2017	7,134	5	7,139
At 31 March 2016	8,411	7	8,418

9 Tangible fixed assets

	Plant and Machinery £000	Fixtures and fittings £000	Equipment £000	Leasehold Improvements £000	Total £000
Cost					
At 1 April 2016	47	86	125	383	641
Additions	2	2	14	4	22
At 31 March 2017	49	88	139	387	663
Depreciation					
At 1 April 2016	42	76	92	225	435
Charge for the year	2	4	16	57	79
At 31 March 2017	44	80	108	282	514
Net book value					
At 31 March 2017	5	8	31	105	149
At 31 March 2016	5	10	33	158	206

10 Investments

	£000
Company	
Investments in subsidiaries	13,938

Movement

	£000
Balance at 1 April 2016	13,817
Additions during the year	2
Share-based payment charge	119
Balance at 31 March 2017	13,938

The undermentioned are the subsidiary companies, which are consolidated in the group accounts.

Company	Registered office	Proportion of issued capital held	Principal activity
Parcel2Go.com Limited	The Cube, Coe Street, Bolton, Lancashire, BL3 6BU	100% ordinary shares	Online parcel delivery services
P2G Polska Sp.z.o.o	Droga Debinska 3B, Poznan, 61-555 Poznan, Poland.	100% ordinary shares	Online parcel delivery services

In November 2016, the company formed P2G Polska Sp.z.o.o, a company registered in Poland. The subsidiary has not currently had a material impact on the business.

11 Debtors

	Group 31 March 2017 £000	Group 31 March 2016 £000	Company 31 March 2017 £000	Company 31 March 2016 £000
Trade debtors	172	82	-	-
Other debtors	803	896	-	-
Prepayments and accrued income	399	216	32	52
	1,374	1,194	32	52

12 Creditors: Amounts Falling Due within One Year

	Group 31 March 2017 £000	Group 31 March 2016 £000	Company 31 March 2017 £000	Company 31 March 2016 £000
Bank loans	250	1,250	250	1,250
Payments received on account	1,063	798	-	-
Trade creditors	4,939	3,818	-	-
Amounts due to group undertakings	-	-	5,476	4,133
Corporation tax	63	78	-	-
Other tax and social security	315	272	-	-
Accruals and deferred income	2,210	1,245	16	18
	8,840	7,461	5,742	5,401

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group 31 March 2017 £000	Group 31 March 2016 £000	Company 31 March 2017 £000	Company 31 March 2016 £000
Bank loans	250	1,250	250	1,250

The bank loan is secured by a £3m guarantee supported by a debenture together with an intercreditor agreement and the assignment of two Life Assurance Policies.

13 Creditors: Amounts Falling Due after more than One Year

	Group 31 March 2017 £000	Group 31 March 2016 £000	Company 31 March 2017 £000	Company 31 March 2016 £000
Bank loans	1,500	1,750	1,500	1,750

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group 31 March 2017 £000	Group 31 March 2016 £000	Company 31 March 2017 £000	Company 31 March 2016 £000
Bank loans	1,500	1,750	1,500	1,750

14 Borrowings

Loans repayable included within creditors are analysed as follows:

	Group 31 March 2017 £000	Group 31 March 2016 £000	Company 31 March 2017 £000	Company 31 March 2016 £000
Amounts repayable:				
In one year or less or on demand	250	1,250	250	1,250
In more than one year but not more than two years	1,500	1,750	1,500	1,750
	1,750	3,000	1,750	3,000

15 Financial Instruments

	Group	
	2017 £000	2016 £000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	975	978
Carrying amount of financial liabilities		
Measured at amortised cost	9,962	8,861

16 Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group 31 March 2017 £000	Group 31 March 2016 £000	Company 31 March 2017 £000	Company 31 March 2016 £000
At 1 April 2016	14	5	-	-
Profit and loss account movement during the year	(3)	9	-	-
At 31 March 2017	11	14	-	-

16 Deferred taxation (continued)

The group's liability for deferred taxation consists of the tax effect of timing differences in respect of:

Group	**2017 Provided £000**	**2016 Provided £000**
Excess of capital allowances over depreciation on fixed assets	11	14
	11	14

17 Commitments under operating leases

At 31 March 2017, the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2017 £000	**Land and buildings 2016 £000**
Operating leases which expire:		
Within 1 year	55	30
Within 2 to five years	211	20
	266	50

18 Share capital and reserves

	2017 No.	**2017 £**	**2016 No.**	**2016 £**
Ordinary 'A' shares of £0.01 each	87,417	874	87,417	874
Ordinary 'B' shares of £0.02 each	5,315	106	5,315	106
Ordinary 'C' Shares of £0.03 each	2,092	63	2,092	63
Preference shares of £1 each	3,236,775	3,236,775	3,236,775	3,236,775
	3,331,599	3,237,818	3,331,599	3,237,818

The 'A' and 'B' Ordinary shares have full rights in respect of voting, rights to dividends and participation in capital distributions and full rights in winding up. In addition, the 'B' Ordinary shares shall carry not less than 5% of the voting rights provided the nominal issued share capital of the Company does not exceed £4.9m. The 'C' Ordinary shares do not participate in dividends and are eligible for participation in capital distributions on winding up only after the 'A' and 'B' Ordinary shareholders have received not less than £13.9m.

The £1 Preference shares rank in preference to the Ordinary shares in a capital distribution including on winding up, up to the value of the shares, but have no voting rights and no rights to dividends or other income from the group. The preference shares are redeemable at the discretion of the company.

18 Share capital and reserves (continued)

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.

19 Purpose of reserves

Share based payment
The cumulative share- based payment expense

Capital redemption reserve
The nominal value of shares repurchased and still held at the end of the reporting date.

Profit and loss account
Cumulative profit and loss net of distribution to owners.

20 Share-based payments

Equity-settled share option plan

The group operates two equity-settled share option plans.

	2017 Options Number	Weighted average exercise price	2016 Options Number	Weighted average exercise price
Outstanding at 1 April	3,565	£2.05	2,517	£0.01
Granted during the year	2,628	£4.59	1,826	£3.99
Forfeited during the year	(15)	£0.01	(778)	£0.01
Exercised during the year	-	n/a	-	n/a
Expired during the year	-	n/a	-	n/a
Outstanding at 31 March	6,178	£3.13	3,565	£2.05

During the year, the group recognised total share-based payment expenses of £119k (2016: £nil) in respect of equity-settled share-based payments. The impact of the above was not previously reflected in the financial statements as it was, in the opinion of the directors, immaterial.

The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method to the relatively short contractual lives of the options and requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

The assumptions within the Black-Scholes model for the fair value of share options granted are:

	2017
Risk-free interest	0.97%
Expected volatility	20.0%
Expected term	3 years

21 Notes to Statement of Cash Flows

Reconciliation of profit/(loss) after tax to net cash generated from/ (used in) operations

	2017 £000	2016 £000
Profit/(loss) for the year	202	(195)
Amortisation	1,279	1,277
Depreciation	79	73
Share based payment charge	119	-
Loss on disposal of tangible fixed assets	-	5
Interest payable	88	89
Taxation	187	115
Operating cash flows before movements in working capital	1,954	1,364
Increase in debtors	(180)	(369)
Increase in creditors	2,394	440
Cash generated from operations	4,168	1,435

22 Related Party Transactions

Remuneration of key management personnel

The total remuneration of the individuals who are considered to be key management personnel was £942k (2016: £936k).

Transactions with related party companies

Transactions with group companies
The group has taken advantage of 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 group's main premises are rented at normal commercial rates from Sat Pro. There is an additional property used by the group which is rented at normal commercial rates from Adams Mercer Properties, both of which are businesses that HPA Adams-Mercer and RHP Adams-Mercer are proprietors or partners.

The group 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 group 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.

22 Related Party Transactions (continued)

During the year, the group 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 date:

	Amounts owed to related parties		Amounts owed by related parties	
	2017	2016	2017	2016
	£000	£000	£000	£000
	11	2	-	4

23 Ultimate controlling party

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

24 Post Balance Sheet Events

On 12 April 2017, 1,618,387 preference shares were redeemed at par.

On 21 July 2017, the company acquired the entire share capital of ASB Trading Ltd, for consideration of circa £1.1m.