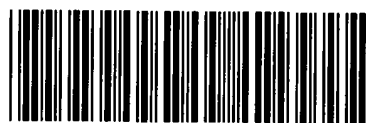


Company Registration No. 02591405 (England and Wales)

PARCEL2GO.COM LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019

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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 2019

The directors present the strategic report for the year ended 31 March 2019.

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.

Turnover has been driven by strong growth in the UK through our main website www.parcel2go.com and our white label business, which has seen growth from both existing customers and new customers. 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 both Customer Services and IT.

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:

Gross revenue	£89,267k	(2018: £71,012k)
Turnover:	£80,419k	(2018: £67,172k)
Gross profit:	£12,208k	(2018: £10,110k)
Gross margin %:	15.2%	(2018: 15.1%)
EBITDA:	£3,598k	(2018: £2,555k)
EBITDA %:	4.5%	(2018: 3.8%)
Cash at bank:	£7,084k	(2018: £5,454k)
Shareholders' funds:	£6,556k	(2018: £3,333k)

*A small part of our gross revenue is not reflected in our statutory accounts revenue, due to the nature of some of our carrier agreements. This does not impact the commercial of our business model, and management believe increases in gross revenue are the key driver of growth.

Gross profit increased during the year as did EBITDA (earnings before interest, tax, depreciation and amortisation). The gross margin % has also increased, as a result of strong margin in our White label operations during the year.

Payroll costs during the year include a £99k (2018: £67k) charge relating to share-based payments to Company employees. In addition, increased payroll costs also reflect the increased investment in Customer services and IT.

During the year, the Company maintained strong 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.

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.

Brexit

Our plans for Brexit have not been finalised yet as they are dependant of the outcome. However, each courier we work with are working up contingency plans for how they will cope with Brexit and we are in regular dialogue with them. We of course already treat non-EU countries differently and if necessary, our fall back would be for all countries bar the UK to follow this journey.

PARCEL2GO.COM LIMITED

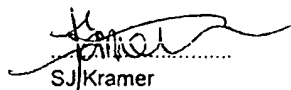
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

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

Date: 12 July 2019

PARCEL2GO.COM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

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 7.

Ordinary dividends were paid amounting to £nil (2018: £2,000k). The directors do not recommend payment of a further dividend. However, the directors propose that a dividend of £1,755 per share would be paid to shareholders on the Register of Members on 3 June 2019. An issued share capital of 1,157 ordinary shares gives a total dividend payment of £2,030,535. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Research and development

The company incurred research and development expenditure of £786k (2018: £798k). The costs are written off in the year in which they are 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.

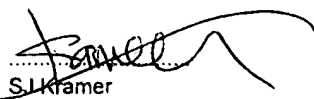
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director 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


S.J. Kramer
Director

Date: 12 July 2019

PARCEL2GO.COM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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

We have audited the financial statements of Parcel2go.com Limited (the 'company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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 and 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.

Responsibilities of directors

As explained more fully 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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
15.7.19

PARCEL2GO.COM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £000	2018 £000
Turnover	3	80,419	67,172
Cost of sales		(68,211)	(57,062)
Gross profit		12,208	10,110
Administrative expenses		(8,680)	(7,762)
Other operating income		-	137
Operating profit	6	3,528	2,485
Interest receivable and similar income	7	2	-
Profit before taxation		3,530	2,485
Tax on profit	8	(406)	(339)
Profit for the financial year		3,124	2,146

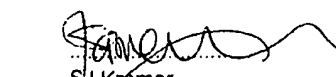
PARCEL2GO.COM LIMITED

Company Registration No. 02591405

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

		2019		2018	
	Notes	£000	£000	£000	£000
Fixed assets					
Intangible assets	10		8		11
Tangible assets	11		123		114
			<u>131</u>		<u>125</u>
Current assets					
Debtors	12	11,009		8,687	
Cash at bank and in hand		7,084		5,454	
		<u>18,093</u>		<u>14,141</u>	
Creditors: amounts falling due within one year	13	(11,658)		(10,925)	
Net current assets			<u>6,435</u>		<u>3,216</u>
Total assets less current liabilities			<u>6,566</u>		<u>3,341</u>
Provisions for liabilities	14		(10)		(8)
Net assets			<u><u>6,556</u></u>		<u><u>3,333</u></u>
Capital and reserves					
Called up share capital	16		1		1
Other reserves			285		186
Profit and loss reserves			6,270		3,146
Total equity			<u><u>6,556</u></u>		<u><u>3,333</u></u>

The financial statements were approved by the board of directors and authorised for issue on 12. 7. 19 and are signed on its behalf by:


SJ Kramer
Director

PARCEL2GO.COM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£000	£000	£000	£000
Balance at 1 April 2017		1	119	3,000	3,120
Year ended 31 March 2018:					
Profit and total comprehensive income for the year		-	-	2,146	2,146
Dividends	9	-	-	(2,000)	(2,000)
Capital contribution		-	67	-	67
Balance at 31 March 2018		1	186	3,146	3,333
Year ended 31 March 2019:					
Profit and total comprehensive income for the year		-	-	3,124	3,124
Capital contribution		-	99	-	99
Balance at 31 March 2019		1	285	6,270	6,556

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Parcel2Go.com Limited is a private company limited by shares and is registered and 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 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 company has early adopted the revised triennial version of FRS 102. There are no significant impacts on the financial statements.

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 Limited 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 2019

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.

Certain carrier contracts involve transactions undertaken on agency type arrangements with the carrier, where the turnover is not recorded as turnover of the company.

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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

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

Software	25% straight line
----------	-------------------

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 2019

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.

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, loans owed by other group companies 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 2019

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, 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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, 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.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

Equity instruments

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

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 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 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.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

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.

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 profit or loss 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 leases 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.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

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.

The research and development expenditure of the company does not meet the above conditions and is therefore expensed as incurred.

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:

	2019 £000	2018 £000
Turnover analysed by class of business		
Turnover attributable to the principal activity	80,419	67,172

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2019**

3 Turnover and other revenue (Continued)

	2019 £000	2018 £000
Other revenue		
Interest income	2	-
	<u>2</u>	<u>-</u>
	2019 £000	2018 £000
Turnover analysed by geographical market		
United Kingdom	78,343	65,618
Rest of European Union	2,076	1,554
	<u>80,419</u>	<u>67,172</u>

4 Employees

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

	2019 Number	2018 Number
Number of administrative staff - full time	91	77
Number of administrative staff - part time	100	67
Number of management staff - full time	8	7
Number of management staff - part time	5	4
	<u>204</u>	<u>155</u>

Their aggregate remuneration comprised:

	2019 £000	2018 £000
Wages and salaries	4,480	3,845
Social security costs	382	367
Pension costs	44	19
	<u>4,906</u>	<u>4,231</u>

Included in the above amounts are £99k (2018: £67k) relating to equity-settled share-based payments.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2019**

5 Directors' remuneration

	2019	2018
	£000	£000
Remuneration for qualifying services	266	330
Company pension contributions to defined contribution schemes	2	1
	<u>268</u>	<u>331</u>

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

	2019	2018
	£000	£000
Remuneration for qualifying services	140	140
Company pension contributions to defined contribution schemes	1	-
	<u>141</u>	<u>140</u>

There were pension contributions of £806 (2018: £391) in respect of the highest paid director.

Included in other creditors at 31 March 2019 are retirement benefits accruing to directors of £475 (2018: nil).

6 Operating profit

	2019	2018
	£000	£000
Operating profit for the year is stated after charging:		
Exchange losses	5	1
Fees payable to the company's auditor for the audit of the company's financial statements	23	20
Depreciation of owned tangible fixed assets	67	67
Amortisation of intangible assets	3	3
Share-based payments	99	67
Operating lease charges	69	55
	<u>276</u>	<u>213</u>

The company incurred research and development expenditure of £786k (2018: £798k). The costs are written off in the year in which they are incurred.

7 Interest receivable and similar income

	2019	2018
	£000	£000
Interest income		
Interest on bank deposits	2	-
	<u>2</u>	<u>-</u>

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2019**

7 Interest receivable and similar income (Continued)

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	2	-
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8 Taxation

	2019 £000	2018 £000
Current tax		
UK corporation tax on profits for the current period	536	315
Adjustments in respect of prior periods	(84)	27
Total current tax	452	342
Deferred tax		
Origination and reversal of timing differences	(47)	(3)
Adjustment in respect of prior periods	1	-
Total deferred tax	(46)	(3)
Total tax charge	406	339

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:

	2019 £000	2018 £000
Profit before taxation	3,530	2,485
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	671	472
Tax effect of expenses that are not deductible in determining taxable profit	20	3
Adjustments in respect of prior years	(84)	27
Group relief	(5)	(13)
Depreciation on assets not qualifying for tax allowances	-	2
Share based payment charge	(48)	-
Deferred tax adjustments in respect of prior years	1	-
Other differences/deduction for R&D expenditure	(155)	(152)
Adjust deferred tax to average rate	6	-
Taxation charge for the year	406	339

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

8 Taxation (Continued)

Factors affecting future tax charges

The main rate of corporation tax will be reduced to 17% from 1 April 2020.

9 Dividends

	2019 £000	2018 £000
Final paid	-	2,000

During the year a dividend of £nil (2018: £1,729) per share was paid to shareholders.

The directors propose that a final dividend of £1,755 per ordinary share be paid to shareholders on the Register of Members on 3 June 2019. With an issued share capital of 1,157 ordinary shares, this gives a total dividend payment of £2,030,535. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

10 Intangible fixed assets

	Software £000
Cost	
At 1 April 2018 and 31 March 2019	314
Amortisation and impairment	
At 1 April 2018	303
Amortisation charged for the year	3
At 31 March 2019	306
Carrying amount	
At 31 March 2019	8
At 31 March 2018	11

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2019**

11 Tangible fixed assets

	Leasehold improve-ments £000	Plant and machinery £000	Fixtures & fittings £000	Equipment £000	Total £000
Cost					
At 1 April 2018	393	53	91	158	695
Additions	44	-	12	20	76
At 31 March 2019	437	53	103	178	771
Depreciation and impairment					
At 1 April 2018	324	48	84	125	581
Depreciation charged in the year	43	2	5	17	67
At 31 March 2019	367	50	89	142	648
Carrying amount					
At 31 March 2019	70	3	14	36	123
At 31 March 2018	69	5	7	33	114

12 Debtors

	2019 £000	2018 £000
Amounts falling due within one year:		
Trade debtors	278	281
Amounts owed by group undertakings	8,940	6,998
Other debtors	1,131	933
Prepayments and accrued income	612	475
	10,961	8,687
Amounts falling due after more than one year:		
Deferred tax asset (note 15)	48	-
Total debtors	11,009	8,687

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2019**

13 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Payments received on account	1,283	1,002
Trade creditors	4,951	5,225
Corporation tax	235	216
Other taxation and social security	622	483
Accruals and deferred income	4,567	3,999
	<u>11,658</u>	<u>10,925</u>

14 Provisions for liabilities

	Notes	2019 £000	2018 £000
Deferred tax liabilities	15	<u>10</u>	<u>8</u>

15 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 2019 £000	Liabilities 2018 £000	Assets 2019 £000	Assets 2018 £000
Balances:				
Share based payments	-	-	48	-
Excess of taxation allowances over depreciation	<u>10</u>	<u>8</u>	<u>-</u>	<u>-</u>
	<u>10</u>	<u>8</u>	<u>48</u>	<u>-</u>
Movements in the year:				2019 £000
Liability at 1 April 2018				8
Credit to profit or loss				(46)
Liability/(Asset) at 31 March 2019				<u>(38)</u>

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

16 Share capital

	2019 £000	2018 £000
Ordinary share capital		
Issued and fully paid		
1,157 Ordinary shares of £1 each	1	1

The shares have full voting, dividend and capital distribution rights allocated to them.

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 on the other plan are exercisable at any time within 10 years of the grant date.

Share premium account:

At 31 March 2019 the balance on the share premium account was £384 (2018 - £384).

17 Retirement benefit schemes

	2019 £000	2018 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	44	19

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 £8k (2018: £3k) were payable to the fund at the year end and are included in creditors.

18 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.

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

19 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:

	2019 £000	2018 £000
Within one year	72	57
Between two and five years	163	152
In over five years	53	-
	<u>288</u>	<u>209</u>

20 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. Group balances are shown in note 12.

Other related parties

The company's main premises and trading company's premises, together with additional property used by the company and trading company, are rented out at normal commercial rates from entities in which HPA Adams-Mercer and RHP Adams-Mercer are proprietors or partners.

The group has also traded in the normal course of business with a number of entities in which HPA Adams-Mercer, RHP Adams-Mercer and a close family member are directors and/or shareholders. The group has also traded in the normal course of business with two companies in which James Greenbury is a director and shareholder.

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

	Sales		Purchases	
	2019 £000	2018 £000	2019 £000	2018 £000
Other related parties	<u>40</u>	<u>28</u>	<u>629</u>	<u>571</u>

The following amounts were outstanding at the reporting end date:

	2019 £000	2018 £000
Amounts due to related parties		
Other related parties	<u>42</u>	<u>44</u>

PARCEL2GO.COM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

20 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2019	2018
	£000	£000
Amounts due from related parties		
Other related parties	8	5
	<u>8</u>	<u>5</u>

21 Ultimate controlling party

The company is controlled by its parent company P2G.com Worldwide Limited. The Parcel2Go.com Limited financial statements form part of the consolidated P2G.Com Worldwide Limited financial statements, which can be obtained at its registered office The Cube, Coe Street, Off Bridgeman Street, Bolton, Lancashire, BL3 6BU.

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