

Financial Statements

Postcode Anywhere (Europe) Limited Trading as PCA Predict

For the Year Ended 30 April 2017



Registered number: 03347926

Postcode Anywhere (Europe) Limited Trading as PCA Predict
Registered number: 03347926

Company Information

Directors	C G Clark D J Wilson N R Brown
Company secretary	J H Constantin
Registered number	03347926
Registered office	The Foundation Herons Way Chester Business Park Chester CH4 9GB
Independent auditor	Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY

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Postcode Anywhere (Europe) Limited Trading as PCA Predict
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Strategic Report

For the Year Ended 30 April 2017

The directors present their Strategic Report for the Company for the year ended 30 April 2017.

Business review

Postcode Anywhere ("PCA") which trades under the "PCA Predict" brand name, is a leading SaaS based provider of data validation and cleansing services, but is best known for its "what's your postcode?" service which regularly processes over 20 million transactions daily for more than 11,000 customers, including some of the largest organisations around the world.

Business background

When PCA was set up in 2001, our vision was to use the internet to transform the market for what we felt at the time, was a very useful piece of technology - the ability to quickly and accurately find and record contact address details from a limited amount of information.

Over the last 16 years, we have seen our vision become a reality as address validation has become a standard feature in ecommerce where it helps to remove a key frustration point in the checkout process.

In line with this growth, the PCA service is today the dominant brand in the ecommerce market where it is currently used by over 200 of the Internet Retailer top 500 UK websites.

"Transforming our market through the power of search and service", remains central to our vision for PCA. It is a statement that we believe demonstrates our understanding of what the market requires to take it forward, as well as the confidence to move it to where we feel it should be.

We have done this on two main occasions in the past; firstly, through recognising the potential of using the internet to significantly reduce the cost and availability of the underlying service and more recently by using search based methods to open up the international market, where address data is less complete or where the customer does not know their postcode or Zip code.

Our aim is to be the best at what we do which means that we take immense pride in pushing the boundaries for where we believe that our technology can go and equally in delivering a service which over exceeds our customers' expectations.

Market and trends

PCA serves a large proportion of the ecommerce market by combining competitively priced, industry leading technology with award winning customer service.

The UK address validation market is relatively mature, having grown very rapidly over the last 20 years in 2 main phases; first led by the need for greater efficiency within call centres and the second, more recent phase, which has been led by the use of this service to improve user experience, trust and delivery within ecommerce check out.

The Company sees significant opportunities to provide its service elsewhere around the world as improvements in data access, licensing and technology, combine to deliver a much better service.

PCA is well positioned for continued growth by expanding market share in the UK (particularly into the "Enterprise" sized client sector) and by exploiting new international market opportunities.

Strategic Report (continued)

For the Year Ended 30 April 2017

Strategy

Over the last few years we have recognised that we need to have a broader product strategy to not only capitalize on the numerous, long-standing relationships that we have with our customers but to also take advantage of some important thematic changes that are taking place in ecommerce.

The development of Triggarr, a predictive engine which aimed to analyse "on page" event data to anticipate and react to individual behaviour, was a core part of this strategy. However, despite significant effort, we were unable to get the Triggarr product market ready and consequently in early 2017 we decided to cease research and development activities for this product.

PCA's current Strategic Business Objectives ("SBO") are centred on further consolidating our position as a market leader in the address verification field in both the UK and Overseas markets. To achieve this objective we have three tactical strands that are:

1. Deeper: to increase our average revenue per customer (ARPC) by selling additional data services such as phone and email validation.
2. Wider: to increase the percentage of international revenue by focusing on key geographies such as the USA which we believe are in a less mature stage than the UK market and which also offer the potential for greater returns.
3. Efficient: to leverage our existing search technology in international markets where incremental set up costs are lower and by selling more predictive services which are "data royalty free", combined with further automation of external and internal processes.

Performance against each SBO is reported and managed at all levels, within the business, with individual staff goals being aligned as closely as possible to overall company objectives. Employees are regularly briefed on the progress against each SBO via formal and informal staff presentations.

The strategy includes additional investment particularly in sales, marketing and product development over the next 2 years to fuel the next phase of company growth.

Having been acquired by GB Group plc ('GBG') on 8 May 2017, the combination of PCA's SaaS technology with GBG's global address repository – available for over 190 countries – will enable the creation of a leading global location intelligence platform. The acquisition brings together two complementary solutions as well as offering a full suite of deployment options to the combined customer base.

Strategic Report (continued)

For the Year Ended 30 April 2017

Financial Performance

The results for the year are shown on page 9. Turnover has increased from £12.2m last year to £13.9m this year. Administrative expenses reduced compared to the previous year due primarily to some non-recurring costs in the prior year related to a strategic review exercise along with an exchange loss on a disposal of the Company's previous Canadian bond investment asset. Overall this led to an increase in pre-tax profits to £4.1m (2016 - £2.6m).

The Company is committed to continuous innovation and the development of new profitable applications. The directors continue to review the operating model for the business with a view to optimising its efficiency.

Due to our operating model consisting of advance receipts of licence fees and service credits, our deferred income balances increased to £6.5m (2016 - £5.2m) and cash reserves remained healthy at £9.8m (2016 - £3.9m).

At the balance sheet date, the net assets stood at £3.8m, compared to £1.7m at 30 April 2016.

There were no significant capital purchases in 2016 and 2017.

Key Performance Indicators

The Board monitors the Company's progress against its strategic objectives and the financial performance of the Company's operations on a regular basis. Performance is assessed against the strategy and budgets. The Company uses the following primary measures to assess the performance of the Company and its propositions.

Revenue

Revenue and revenue growth are used for internal performance analysis to assess the execution of our strategies. Revenue increased to £13.9m (2016 - £12.2m) mainly due to the continued growth of our address management services.

Operating Profit

This is used by management for internal performance analysis and to assess the execution of our strategies. Operating profit margin increased from 21% to 29% principally due to the removal of one off costs in the prior year (related to a strategic review exercise and exchange losses on the disposal of the Company's previous Canadian bond investment asset).

Principal Risks and Uncertainties

The risk environment in which the Company operates continues to evolve. We seek to ensure that the risk management framework continues to develop to meet these challenges. The directors have considered the changing technology, competition, data security, compliance, and regulation and their effects on the business model and future performance.

Following the acquisition of our parent by GB Group plc on 8 May 2017, we will seek to monitor and minimise these risks through our ability to have access to a wider talent pool across the overall organisation. The Company anticipates further worldwide sales growth which new markets such as the US recently opening up creating an increased exchange rate risk. The Company monitors its exposures and seeks to price contracts in sterling where possible.

The outcome of the recent UK referendum has caused uncertainty in both the political and economic environments in which we operate. Our business model means that we are comparatively well-placed to manage the consequences of the result and of its effect on the economic environment. However, there is the potential for our costs to increase, for example, through any changes required to our systems to reflect new taxes; regulatory risk to increase as a result of any future divergence with the EU regime; and supplier disruption to occur as a result of challenges in suppliers' own organisations and supply chains. At this time, the outcome of Brexit negotiations and post-Brexit arrangements remains unclear and as such, like all companies, we continue to monitor the situation and manage the practical implications as they occur.

Postcode Anywhere (Europe) Limited Trading as PCA Predict
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Strategic Report (continued)

For the Year Ended 30 April 2017

This report was approved by the board on 30 January 2018 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'D J Wilson', with a long horizontal stroke extending to the right.

D J Wilson
Director

Postcode Anywhere (Europe) Limited Trading as PCA Predict
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Directors' Report

For the Year Ended 30 April 2017

The directors present their report and the financial statements for the year ended 30 April 2017.

Results and dividends

The profit for the year, after taxation, amounted to £3.4m (2016: £2.3m).
During the year, the Company paid dividends of £1.3m (2016: £4.0m).

Directors

The current directors are:

C G Clark	(appointed 11 May 2017)
D J Wilson	(appointed 11 May 2017)
N R Brown	(appointed 11 May 2017)

The following directors resigned after the year end:

G J Mucklow	(resigned 11 May 2017)
M A Mucklow	(resigned 11 May 2017)
J R Turner	(resigned 11 May 2017)
C D Harle	(resigned 11 May 2017)

Matters covered in the strategic report

The business review, financial risk management, objectives and policies have been included in the Strategic Report.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 and apply suitable accounting policies for the Company financial statements and then apply them consistently;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- 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 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.

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Directors' Report (continued)

For the Year Ended 30 April 2017

Disclosure of information to auditor

Each of the persons who are a director at the time when this Directors' Report is approved has confirmed that:

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

Going Concern

After review of the budget, financial forecasts and other relevant information, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Post balance sheet events

On 8 May 2017, the Company's parent undertaking Postcode Anywhere Holdings Limited, was acquired by GB Group plc.

Future developments

The directors aim to maintain the management policies which have resulted in the Company's substantial growth in recent years. They consider that the next year will show a further significant growth in turnover, particularly from revenues generated from international markets.

Research and development

The Company is continually enhancing its products and services and has dedicated development teams to ensure enhancements are made in a timely fashion.

Auditors

As a result of the acquisition by GB Group plc, the Company's auditors, Grant Thornton UK LLP, resigned and Ernst and Young LLP were appointed as the Company's new auditors.

This report was approved by the board on 30 January 2018 and signed on its behalf.



D J Wilson
Director

Auditor's Report

Independent Auditor's Report to the Members of Postcode Anywhere (Europe) Limited

We have audited the financial statements of Postcode Anywhere (Europe) Limited for the year ended 30 April 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 22. 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".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2017 and of the Company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Auditor's Report

Opinion on other matter 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.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Ernst & Young LLP

Anne Wong (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

31 January 2018

Postcode Anywhere (Europe) Limited Trading as PCA Predict
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Statement of Comprehensive Income

For the Year Ended 30 April 2017

		2017	2016
	Note	£000	£000
Turnover	3	13,900	12,182
Cost of sales		(5,343)	(4,778)
Gross profit		<u>8,557</u>	<u>7,404</u>
Administrative expenses		(4,463)	(4,834)
Operating profit	4	4,094	2,570
Interest receivable and similar income	8	8	27
Profit before tax		4,102	2,597
Tax on profit on ordinary activities	9	(660)	(346)
Profit for the financial year		3,442	2,251

There was no other comprehensive income for 2017 (2016: £nil).

The notes on pages 12 to 24 form part of these financial statements.

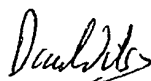
Postcode Anywhere (Europe) Limited Trading as PCA Predict
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Statement of Financial Position

As at 30 April 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	11	<u>1,588</u>	<u>1,673</u>
			1,673
Current assets			
Debtors: amounts falling due within one year	12	1,806	3,256
Cash at bank and in hand	13	<u>9,786</u>	<u>3,900</u>
		11,592	7,156
Creditors: amounts falling due within one year	14	<u>(9,282)</u>	<u>(7,077)</u>
Net current assets		<u>2,310</u>	<u>79</u>
Total assets less current liabilities		<u>3,898</u>	<u>1,752</u>
 Provision for liabilities: deferred tax	15	<u>(80)</u>	<u>(92)</u>
		(80)	(92)
Net assets		<u>3,818</u>	<u>1,660</u>
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account	18	<u>3,818</u>	<u>1,660</u>
		<u>3,818</u>	<u>1,660</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 January 2018.



D J Wilson
Director

The notes on pages 12 to 24 form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 April 2016

	Share capital £000	Retained earnings £000	Total equity £000
At 1 May 2015	-	3,409	3,409
Comprehensive income for the year			
Profit for the year	-	2,251	2,251
Total comprehensive income for the year	-	2,251	2,251
Dividends	-	(4,000)	(4,000)
Total transactions with owners	-	(4,000)	(4,000)
At 30 April 2016	-	1,660	1,660

Statement of Changes in Equity

For the Year Ended 30 April 2017

	Share capital £000	Retained earnings £000	Total equity £000
At 1 May 2016	-	1,660	1,660
Comprehensive income for the year			
Profit for the year	-	3,442	3,442
Total comprehensive income for the year	-	3,442	3,442
Dividends	-	(1,284)	(1,284)
Total transactions with owners	-	(1,284)	(1,284)
At 30 April 2017	-	3,818	3,818

The notes on pages 12 to 24 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 April 2017

1. Accounting policies

1.1 Statement of Compliance

Postcode Anywhere Europe Limited is a limited liability company incorporated in England. The registered office is The Foundation, Herons Way, Chester Business Park, Chester CH4 9GB. The financial statements have been prepared in compliance with financial reporting standards as summarised below.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);

This information is included in the consolidated financial statements of Postcode Anywhere Holdings Limited as at 30 April 2017 and these financial statements may be obtained from the registered office The Foundation, Herons Way, Chester Business Park, Chester, CH4 9GB.

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings	2% on cost
Fixtures and equipment	10% on cost
Computer equipment	50% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Freehold land is not depreciated.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Statement of comprehensive income.

1.6 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

Accounting policies (continued)

1.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction (like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate) the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

1.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

Accounting policies (continued)

1.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP and rounded to the nearest £'000.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within finance income or costs. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within administrative expenses.

1.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified, within interest payable.

1.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid, the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

1.13 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

Accounting policies (continued)

1.14 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

1.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

2. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items included in the financial statements where these judgements and estimates had been made include:

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

3. Analysis of Turnover

The whole of the turnover is attributable to the Company's principal activity.

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	12,448	11,010
Rest of the world	1,452	1,172
	<u>13,900</u>	<u>12,182</u>

4. Operating profit

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	154	188
Loss on disposal of fixed assets	-	1
Foreign exchange differences	-	17
	<u>-</u>	<u>17</u>

5. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Company's current auditor and its associates for the audit of the Company's annual accounts	19	-
Fees payable to the Company's previous auditor and its associates for the audit of the Company's annual accounts	-	12
	<u>19</u>	<u>12</u>

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £000	2016 £000
Wages and salaries	2,299	2,327
Social security costs	260	254
Cost of defined contribution scheme	148	148
	<u>2,707</u>	<u>2,729</u>

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

	2017 £000	2016 £000
IT and Development	13	14
Finance	6	6
Operations & Support	10	10
Marketing	12	12
Sales	8	11
	<u>49</u>	<u>53</u>

7. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	442	424
Company contributions to defined contribution pension schemes	16	43
	<u>458</u>	<u>467</u>

The highest paid director received remuneration of £155k (2016 - £153k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2016: £NIL).

8. Interest receivable

	2017 £000	2016 £000
Other interest receivable	8	27
	<u>8</u>	<u>27</u>

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

9. Taxation

a) Tax on profit on ordinary activities	2017	2016
	£000	£000
Corporation tax		
Current tax on profits for the year	672	346
Deferred tax		
Origination and reversal of timing differences	(12)	-
Taxation on profit on ordinary activities	660	346

b) Reconciliation of the total tax charge

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£000	£000
Profit on ordinary activities before tax	4,102	2,597
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	820	519
Effects of:		
Expenses not deductible for tax purposes	11	26
Capital allowances for year in excess of depreciation	-	(1)
Adjustments to tax charge in respect of prior periods	-	(48)
Enhanced research and development deduction	(183)	(150)
Deferred tax	12	-
Total tax charge for the year	660	346

Factors that may affect future tax charges

The rate of corporation tax will reduce from 1 April 2017 to 19% and 17% from 1 April 2020 (a change substantively enacted as part of the Finance Act 2016).

c) Deferred tax liability (included in provision for liabilities – note 15)

	2017	2016
	£000	£000
At 1 May 2016 – accelerated capital allowances	(92)	(92)
Origination and reversal of timing differences	12	-
At 30 April 2017 – accelerated capital allowances	(80)	(92)

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

10. Dividends

	2017 £000	2016 £000
Dividends paid	1,284	4,000
	1,284	4,000

Dividends of £1,223.18 per share (2016: £3,809.52) were paid during the year.

11. Tangible fixed assets

	Freehold Land £000	Freehold buildings £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 May 2016	-	1,353	546	471	2,370
Additions	-	-	10	98	108
Disposals	-	-	(65)	(10)	(75)
Reclassification	240	(240)	-	-	-
At 30 April 2017	240	1,113	491	559	2,403
Depreciation					
At 1 May 2016	-	99	180	418	697
Charge owned for the period	-	3	49	102	154
Disposals	-	-	(26)	(10)	(36)
At 30 April 2017	-	102	203	510	815
Net book value					
At 30 April 2017	240	1,011	288	49	1,588
At 30 April 2016	-	1,254	366	53	1,673

As a result of obtaining independent valuation of the company's property, management have reclassified £240,000 of the historical cost of the property as being freehold land.

12. Debtors

	2017 £000	2016 £000
Trade debtors	1,033	972
Amounts owed by group undertakings	80	1,466
Prepayments and accrued income	693	818
	1,806	3,256

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

13. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	9,786	3,900
	<u>9,786</u>	<u>3,900</u>

14. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	504	160
Corporation tax	68	94
Taxation and social security	497	444
Amounts owed to parent undertaking	566	-
Accruals & deferred income	7,647	6,379
	<u>9,282</u>	<u>7,077</u>

15. Provisions for liabilities

	2017 £000	2016 £000
Deferred tax liabilities	80	92
	<u>80</u>	<u>92</u>

16. Financial instruments

The Company's activities expose it to a variety of financial risks including: market risk (including foreign currency risk and cash flow interest rate risk), credit risk, liquidity risk and capital management. The Company's overall risk management programme considers the unpredictability of financial markets and seeks to reduce potential adverse effects on the Company's financial performance. The Company does not currently use derivative financial instruments to hedge foreign exchange exposures.

Credit Risk

Credit risk arises from cash and cash equivalents, as well as credit exposures from outstanding customer receivables. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For those sales considered higher risk, the Company operates a policy of cash in advance of delivery. The Company regularly monitors its exposure to bad debts in order to minimise exposure. Credit risk from cash and cash equivalents is managed via banking with well-established banks with a strong credit rating.

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

16. Financial instruments (continued)

Foreign Currency Risk

The Company's foreign currency exposure arises from:

- Transactions (sales/purchases) denominated in foreign currencies;
- Monetary items (mainly cash receivables and borrowings) denominated in foreign currencies; and
- Investments in foreign operations, whose net assets are exposed to foreign currency translation.

The exposure to transactional foreign exchange risk within each company is monitored and managed at both an entity and a Group level.

Liquidity Risk

Cash flow forecasting is performed on a Company basis by the monitoring of rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational needs.

Capital Management

The Company manages its capital structure in order to safeguard the going concern of the Company and maximise shareholder value. The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Company may maintain or adjust its capital structure by adjusting the amount of dividend paid to shareholders, returning capital to shareholders, issuing new shares or selling assets.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 April 2017 and 2016.

Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Company at 30 April:

	2017	2016
	£000	£000
Financial assets		
Trade and other receivables	1,113	2,525
Total	1,113	2,525
Financial liabilities		
Trade and other payables	(2,601)	(1,317)
Total	(2,601)	(1,317)

Trade and other receivables exclude the value of any prepayments. Trade and other payables exclude the value of deferred income. All financial assets and liabilities have a carrying value that approximates to fair value. For trade and other receivables, allowances are made within the book value for credit risk.

The Company does not have any derivative financial instruments.

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

17. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1,050 Ordinary shares of £ 0.10 each	<u>105</u>	<u>105</u>

18. Reserves

Profit and loss account

Profit and loss account includes all prior year and current retained earnings.

19. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions payable by the Company to the fund which amounted to £148k (2016: £148k). There were no amounts payable to the fund at the year-end (2016: £000).

20. Related party transactions

The Company has taken advantage of the exemption available under FRS 102 not to disclose transactions with its parent company.

Compensation of Key Management Personnel

	2017 £000	2016 £000
Short-term employee benefits	442	424
Post-employment benefits	16	43
	<u>458</u>	<u>467</u>

The key management personnel were the directors of the Company and their compensation is disclosed in note 7.

21. Controlling party

The Company is a wholly owned subsidiary of Postcode Anywhere Holdings Limited, a company incorporated in England and Wales.

The ultimate controlling party at the balance sheet date was G J Mucklow by virtue of his majority shareholding in Postcode Anywhere Holdings Limited.

Postcode Anywhere (Europe) Limited Trading as PCA Predict
Registered number: 03347926

Notes to the Financial Statements (continued)

For the Year Ended 30 April 2017

22. Post balance sheet events

On 8 May 2017, the entire share capital of the parent company was acquired by GB Group plc.