

Asendia UK Limited

Annual report and financial statements

Registered number 05029372

Year ended 31 December 2018

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Asendia UK Limited
Annual report and financial statements
31 December 2018

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Company information

Directors

M Pontet
M Martin
X Goddaer (resigned 10/3/19)
S Batt (appointed 11/3/19)

Secretary

Squire Patton Boggs Secretarial Services Limited

Registered Office

Squire Patton Boggs (UK) LLP
Rutland House
148 Edmund Street
Birmingham
B3 2JR

Auditors

KPMG LLP
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

Banker

Lloyds Bank Plc
St Pauls Branch
London
EC4M 7DX

Strategic report

The directors present their strategic report of Asendia UK Limited for the year ended 31 December 2018.

Principal activity

Asendia is one of the worlds leading international ecommerce and mail shipping providers, offering a diverse range of cross border services for business and commerce.
Our vision is to make cross-border ecommerce and mail easy and reliable, all around the world.

Business Review

The companys sales fell by £4m, and 4%, in the year. This was directly as a result of the closure of the Kempston letteshop facility in Q1 2018. This resulted in a net sales loss of £6.2m in the year. Excluding this effect, sales would have grown by 3%.

Gross profit decreased by £284k, and increased by 0.2% to 11% from the previous year. Future margin % evolution should now see sustained growth, as the mix of Ecommerce parcel business continues to increase.

2018 has been a year of tremendous achievement on the customer acquisition side, through the organic growth of existing customers and the acquisition of new business, helped by the growth in the ecommerce marketplace.

The company returned to profit in 2018. This was largely due to the closure of the Kempston facility, but also with an increased focus on margin protection and improvement, and overhead control.

Principal risks and uncertainties

In common with most companies Asendia UK Ltd is susceptible to a downturn in economic conditions. As such profitability could be affected by a prolonged period of reduced spending levels, or the loss of a major customer.

Currency risk

The company is exposed to financial exchange risk. Transactions exposures, including those associated with foreign transactions, are assessed and hedging is now taking place in a structured and systematic way to ensure that the company is protected.
Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The objective is to ensure a mix of funding methods offering flexibility and cost effectiveness to match the needs of the company.

Credit risk

The principal credit risk arises from its trade debtors.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Strategic report (continued)

Key performance indicators

Revenue decreased by 4%

Gross profit percentage increased by 0.2%

An operating profit of £790k was recorded, compared to a £5,961k operating loss the year before

The Balance Sheet had a net asset position of £1,038k

The directors regularly review the key performance indicators and believe that there are no other key performance indicators that require disclosure for an understanding of the development, performance or position of the business.

By order of the board



S Batt
Director

10/12/19

Date

Directors' report

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

Directors and their interests

The directors who held office during the year and subsequent to the year end are set out below:

M Pontet
M Martin
X Goddaer (resigned 10/3/19)
S Batt (appointed 11/3/19)

Dividends

Dividends of nil were paid in the year (2017: nil).

Political and charitable contributions

The company made no political expenditure during the year (2017: nil). Charitable donations totalled nil in the year (2017: nil).

Employees

The company gives due consideration to applications for employment by disabled persons and encourages the career development of such persons as it is able to employ. In the event of employees becoming disabled whilst in the service of the company, every effort is made to continue their employment by transfer to alternative duties, if required, and by the provision of such retraining as is appropriate.

It is the policy of the company to endeavour to maintain close links with the whole of the work force. The company communicates with their employees in a number of ways including notice boards, employee meetings and other channels.

Disclosure of information to auditor

The directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

On the 7 March 2019, Asendia UK acquired the share capital of WNDirect Limited (company number 7704460) from DPD Group UK Limited.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



S Batt
Director

Date

10/12/19

Statement of directors' responsibilities in respect of the Strategic Report, the Directors Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- * use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASENDIA UK LIMITED

Opinion

We have audited the financial statements of Asendia UK Limited ("the company") for the year ended 31 December 2018, which comprise the Profit and Loss account and other comprehensive income, Balance Sheet, Statement of change in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- * give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- * have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- * have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report.

Our opinion on the financial statements does not cover those reports and we do not seek to express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- * we have not identified material misstatements in the strategic report and the directors' report;
- * in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- * in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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, or

We have nothing to report in these respects



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASENDIA UK LIMITED

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Terri Coughlan
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

2 Forbury Place
33 Forbury Road
Reading
RG13AD

13 December 2019

**Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2018**

	<i>Note</i>	2018 £000	2017 £000
Turnover	2	85,364	89,348
Cost of sales		(75,945)	(79,645)
Gross profit		9,419	9,703
Administrative expenses		(8,750)	(15,672)
Other operating income	3	121	8
Operating profit/(loss)	4	790	(5,961)
Interest payables and similar expenses	7	0	(75)
Interest receivable	8	16	0
Profit/(Loss) before taxation		806	(6,036)
Tax on profit/loss	9	(36)	14
Profit/(Loss) after taxation		770	(6,022)

There is no other comprehensive income for the above two financial years.

The notes on pages 10 to 20 form part of these financial statements.

Asendia UK Limited
Annual report and financial statements
31 December 2018

Balance Sheet
As at 31 December 2018

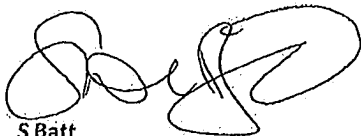
	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed Assets					
Intangible assets	10		225		280
Tangible assets	11		447		456
			<u>672</u>		<u>736</u>
Current assets					
Stocks	12	100		110	
Debtors	13	18,076		17,884	
Cash at bank	14	14,967		1,517	
		<u>33,143</u>		<u>19,511</u>	
Creditors: amounts falling due within one year	15	(16,771)		(19,979)	
Net current assets/(liabilities)			<u>16,372</u>		<u>(468)</u>
Creditors: amounts falling due after one year	16		(16,006)		0
Net assets			<u><u>1,038</u></u>		<u><u>268</u></u>
Capital and reserves					
Called up share capital	18		3,293		3,293
Capital contribution reserve			10,383		10,383
Profit and loss account			(12,638)		(13,408)
Shareholders' funds			<u><u>1,038</u></u>		<u><u>268</u></u>

The notes on pages 10 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on

10/12/19

and were signed on its behalf by:



S Batt
Director
Company number 05029372

Statement of changes in Equity
As at 31 December 2018

	Called up share capital £000	Capital contribution reserve £000	Profit and loss account £000	Total Equity £000
Balance at 1 January 2017	3,293	0	(7,386)	(4,093)
Total comprehensive income for the year				
Loss for the year	0	0	(6,022)	(6,022)
Share premium	0	10,383	0	10,383
Balance at 31 December 2017	<u>3,293</u>	<u>10,383</u>	<u>(13,408)</u>	<u>268</u>
	Called up share capital £000	Capital contribution reserve £000	Profit and loss account £000	Total Equity £000
Balance at 1 January 2018	3,293	10,383	(13,408)	268
Total comprehensive loss for the year				
Profit for the year	0	0	770	770
Balance at 31 December 2018	<u>3,293</u>	<u>10,383</u>	<u>(12,638)</u>	<u>1,038</u>

The notes on pages 10 to 20 form part of these financial statements.

Notes (forming part of the financial statements)

1. Accounting policies

Asendia UK Limited ("the Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 05029372 and the registered address is Squire Patton Boggs LLP, Rutland House, 148 Edmund Street, Birmingham, B3 2JR.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company's parent company includes the company in its consolidated financial statements. The consolidated financial statements of Asendia Holding AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Sofipost, 111 Boulevard Brune, Paris, 75014, France.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Asendia Holding AG include the relevant disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes (forming part of the financial statements) continued

1. Accounting policies continued

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

These accounts are prepared on the going concern basis. The Directors believe that, based on budgeted future projections, the Company can continue to operate for a period of at least 12 months from the date of the approval of these financial statements and have therefore, continued to adopt the going concern basis of preparation. This is further evidenced by the positive cash balances at the end of 2018. Asendia UK continues to be an integral part of Asendia Holdings strategy, as evidenced by a loan to purchase another UK company.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the company

Following the adoption of IFRS 9, the financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

a/ they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

b/ where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classed as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (forming part of the financial statements) continued

1. Accounting policies continued

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise, trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Leasehold improvements	Term of lease
- Plant and equipment	10% to 33% on cost
- Computer equipment	25% on cost

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Intangible assets and goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment.

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less impairment losses.

The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date.

Amortisation

Amortisation is charged to the profit and loss account on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Customer lists 10 years.

Notes (forming part of the financial statements) continued

1. Accounting policies continued

1.8 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed only if the reasons for the impairment have ceased to apply.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (forming part of the financial statements) continued

1. Accounting policies continued

1.10 Turnover

Turnover represents the invoiced value of services rendered, excluding value added tax. Revenue is recognised on the basis of despatch date, being the date at which the service is considered to have been rendered.

1.11 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; recognition of goodwill and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.13 Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied in these financial statements.

- IFRS 16 Leases (effective date 1 January 2019) - management are assessing the impact of the lease standard on the financial statements.

2. Turnover

		2018	2017
		£000	£000
By geographical market	UK	68,788	73,480
	Europe	3,187	3,234
	Rest of world	13,389	12,634
		<u>85,364</u>	<u>89,348</u>

Notes (forming part of the financial statements) continued

3. Other operating income

	2018 £000	2017 £000
Gain on disposal of fixed assets	121	8
	<u>121</u>	<u>8</u>

4. Expenses and auditor's remuneration

Included in profit are the following:

	2018 £000	2017 £000
Depreciation	212	244
Amortisation	55	55
Provision for closure of a factory	0	2,307
Impairment of Goodwill	0	1,853
Audit of these financial statements	59	57
Amounts receivable by the company's auditor and its associates in respect of taxation	14	14
	<u>340</u>	<u>4,530</u>

5. Staff numbers and cost

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Administration	104	149
Operational	176	191
	<u>280</u>	<u>340</u>

The aggregate payroll costs of these persons was:

	2018 £000	2017 £000
Wages and salaries	7,062	8,527
Social security costs	706	810
Contributions to defined contribution plans	228	190
	<u>7,996</u>	<u>9,527</u>

6. Directors' remuneration

	2018 £000	2017 £000
Directors' remuneration	<u>240</u>	<u>168</u>

The remuneration of the highest paid director was £240,000 (2017: £168,000).

Notes (forming part of the financial statements) continued

7. Interest payable and similar expenses

	2018 £'000	2017 £'000
Loan Interest	0	75
	<u>0</u>	<u>75</u>

The interest in 2017 relating to a loan from Asendia Holdings.

8. Interest receivable

	2018 £'000	2017 £'000
Interest receivable	16	0
	<u>16</u>	<u>0</u>

The interest receivable in 2018 related to excess bank balances

9. Taxation

Recognised in the profit and loss account

	2018 £'000	2018 £'000	2017 £'000	2017 £'000
UK corporation tax				
Current tax on Income for the year	0		0	
Adjustments in respect of prior periods	<u>0</u>		<u>0</u>	
Total current tax		0		0
Deferred tax				
Origination/reversal of timing differences	36		(15)	
Change in rate of tax	0		0	
Adjustments in respect of prior periods	<u>0</u>		<u>1</u>	
Total Deferred tax		36		(14)
Tax on profit/(loss)		<u>36</u>		<u>(14)</u>

Reconciliation of effective tax rate

The tax assessed for the year is higher than 2017. The average standard rate of corporation tax for the year in the UK of 19% (2017: 19.25%). Differences are explained below;

	2018 £'000	2017 £'000
Profit/(Loss) before tax	<u>806</u>	<u>(6,036)</u>
Tax on Profit/(loss) at average standard rate of 19% (2017: 19.25%)	153	(1,162)
Effects of		
Expenses not deductible for tax purposes	7	366
Adjustments in respect of prior periods	- current tax 0	0
	- deferred tax 0	1
Deferred tax rate differences	(17)	93
Deferred tax not recognised	(107)	687
Deferred tax rate changes	0	1
Tax (credit)/charge	<u>36</u>	<u>(14)</u>

The Company has unrelieved tax losses, which can be recovered against tax profits in the future. A deferred tax asset has not been recognised as it is uncertain that the Company will generate suitable taxable profits in the future. Losses of £13,866k (2017: £14,480k) have been carried forward.

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2016) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2017. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

Notes (forming part of the financial statements) continued

10. Intangible assets

	Goodwill £000	Customer Lists £000	Total £000
Cost			
Balance at 31 December 2017	1,849	548	2,397
Disposals	0	0	0
Balance at 31 December 2018	1,849	548	2,397
Amortisation			
Balance at 31 December 2017	1,849	268	2,117
Amortisation for the year	0	55	55
Disposals	0	0	0
Impairment charge	0	0	0
Balance at 31 December 2018	1,849	323	2,172
Net book value			
At 31 December 2018	0	225	225
At 31 December 2017	0	280	280

A customer list was acquired in June 2013 for a consideration of £396,000. The customer list is being amortised over a period of 10 years, being the period over which the directors believe the value from the customer list will be realised.

In December 2013 Asendia UK purchased the net assets of Swiss Post International (UK) and BTB Mailflight. This transaction gave rise to Goodwill of £8,197,000. During 2014 year management conducted an impairment review of goodwill, by reviewing future incremental performance from the acquired businesses. Due to various reasons such as a change in the market place, commercial and economic, it was identified that the acquired businesses would not generate the returns originally expected and the goodwill was impaired by £6,348,000 to a carrying value of £1,849,000. During 2015 and 2016, a further impairment reviews showed that the remaining value was supported.

In 2017 the Board of Directors took the decision to close the BTB Mailflight facility in Q1 2018. This meant that as well as a full provision for all costs associated with the closure, that the remaining goodwill would also have to be written off.

For all three years, 2014, 2015, 2016, the impairment testing and DCF model looked at an initial three year horizon, with three year cashflows taken to perpetuity, using a discount rate of 15%, and considered the future incremental and differential cashflows deriving from the business.

11. Tangible fixed assets

	Fixtures and Fittings £000	Plant and Equipment £000	Computer Equipment £000	Total £000
Cost				
Balance at 31 December 2017	697	445	434	1,576
Acquisitions	129	27	47	203
Disposals	(132)	(268)	(175)	(575)
At 31 December 2018	694	204	306	1,204
Depreciation				
Balance at 31 December 2017	508	326	286	1,120
Charge for the year	55	46	111	212
Disposals	(132)	(268)	(175)	(575)
At 31 December 2018	431	104	222	757
Net book value				
At 31 December 2018	263	100	84	447
At 31 December 2017	189	119	148	456

Notes (forming part of the financial statements) continued

12. Stocks

	2018 £000	2017 £000
Consumables	<u>100</u>	<u>110</u>

13. Debtors

	2018 £000	2017 £000
Trade debtors	15,057	16,006
Amounts due from group undertakings	1,448	840
Other debtors	605	277
Prepayments and accrued income	945	704
Deferred tax assets (see note 17)	21	57
	<u>18,076</u>	<u>17,884</u>

14. Cash and Bank

	2018 £000	2017 £000
Cash at bank	14,967	1,517
	<u>14,967</u>	<u>1,517</u>

15. Creditors falling due within one year

	2018 £000	2017 £000
Trade creditors	5,211	6,089
Other creditors	112	299
Other taxes and social security	1,181	1,273
Accruals and deferred income	5,546	5,082
Amounts due to group undertakings	4,721	7,236
	<u>16,771</u>	<u>19,979</u>

16. Creditors falling due after one year

	2018 £000	2017 £000
Loan from Asendia Holding AG (Interest rate is 3.3%)	16,006	0
	<u>16,006</u>	<u>0</u>

17. Deferred tax assets and liabilities

	Assets 2018 £000	2017 £000
Tangible fixed assets	17	53
Other	4	4
	<u>21</u>	<u>57</u>

Notes (forming part of the financial statements) continued

18. Share capital

Ordinary shares - In thousands of shares	2018	2017
On Issue 1 January	3,293	3,293
Issued in the year	0	0
On issue 31 December	<u>3,293</u>	<u>3,293</u>
	2018	2017
<i>Allotted, called up and fully paid</i>	£000	£000
Ordinary shares of £1 each	<u>3,293</u>	<u>3,293</u>

19. Capital contribution reserve

In December 2017 the parent undertaking approved the capitalisation of an amount previously presented as an amount due to a group undertaking. This resulted in a capital contribution reserve of £10,389k.

20. Operating leases

Non- cancellable operating lease rentals are payable as follows:

	2018 £000	2017 £000
Less than one year	1,574	1,812
Between one and five years	1,483	3,188
More than five years	0	0
	<u>3,057</u>	<u>5,000</u>

Amount charged to profit and loss in the year for operating leases is £1,812k (2017: £1,803k).

21. Related parties

The company has applied the exemptions available under FRS 101 in respect of transactions entered into between two or more members of a group, where subsidiaries that are party to the transactions are wholly owned by such a member.

22. Ultimate parent undertaking

The company is a subsidiary undertaking of Asendia Holding AG, incorporated in Switzerland and owned by Swiss Post and Sofipost.

The largest group in which the results of the company are consolidated is that headed by Swiss Post, incorporated in Switzerland, and Sofipost incorporated in France. The consolidated accounts of these groups are available to the public and may be obtained from Swiss Post, Viktoriastrasse 21, 3030 Bern, Switzerland, and Sofipost, 111 Boulevard Brune, Paris, 75015 France.

23. Subsequent events

Subsequent to the year end, the company acquired the trade and assets of WNDirect Limited, company number 7704460