PARK GROUP PLC
Annual report and accounts 2015

Park Group plc

Park Group plc is the UK's leading multi-retailer voucher and prepaid gift card business delivering innovative rewards and prepaid products to UK consumers and corporates.

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2015 Financial highlights

Operating profit ahead by
24 per cent at

£9.7m

(2014 – £7.8m)

Billings increased by
11 per cent to

£372.9m

(2014 – £336.0m)

Profit before taxation increased
16 per cent to

£10.9m

(2014 – £9.4m)

Total dividend for year uplifted by
4 per cent to

2.40p

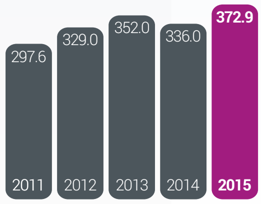
(2014 – 2.30p)

Total cash balances peaked at

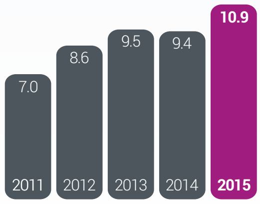
£189m

(2014 – £165m)

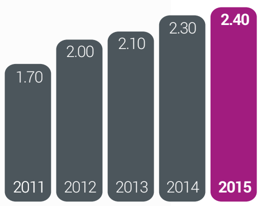
GROUP BILLINGS (£M)
£372.9m (2014 – £336.0m)



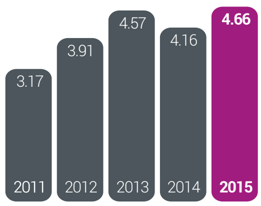
PROFIT BEFORE TAXATION AND OTHER OPERATING INCOME (£M)
£10.9m (2014 – £9.4m)



DIVIDENDS PER SHARE (P)
2.40p (2014 – 2.30p)



TOTAL ADJUSTED BASIC EARNINGS PER SHARE (P)
4.66p (2014 – 4.16p)



How Park operates

Park is very close to its customers and regularly seeks feedback on its products and services. The company concentrates on broadening its product range to match customer needs while providing more options to existing customers. It also seeks to attract new customers by expanding into new areas through innovation and technology. High quality service is at the heart of Park's operations.

RETAIL PARTNERS

Products and services

Vouchers and cards £359m (2014 – £320m) • Other products £14m (2014 – £16m)

Channels

Consumer B2C • Online • Corporate B2B

CIRCA 2 MILLION CONSUMERS

Our brands

Love2shop

Love2shop is the UK's leading multi-retailer gift voucher and prepaid gift card brand, accepted at over 140 major retailers with more than 20,000 stores across the UK and Ireland. Park tailors gift card schemes to individual customer needs, recognising and rewarding a range of performance attributes including loyalty, attendance, achieving targets and more.

www.love2shop.co.uk

highstreetvouchers.com

highstreetvouchers.com is a leading supplier of UK gift vouchers and gift cards. With a wide range of cards and vouchers for popular stores including John Lewis, Marks and Spencer and Thomas Cook you can find the perfect gift quickly and stress-free every time. Our range of gifts is ideal for birthdays, Christmas, weddings and anniversaries. They are also popular with business and corporate customers, making ideal staff reward, incentive and motivation gifts.

www.highstreetvouchers.com

Park Christmas Savings

We have been helping people across the UK budget for Christmas since 1967 and moved our operations into Ireland in 2010. Park Christmas Savings Club grew through the simple but effective idea of saving a fixed amount each week over an agreed period of time in order to spread the cost of Christmas. The Park budget plan helps families prepare and budget for Christmas in a controlled and careful manner ensuring that they can enjoy the festive season free from financial worries. Over 400,000 families budget for Christmas with us each year so they can enjoy Christmas without worrying about credit card bills in the New Year.

www.getpark.co.uk

Our businesses

Corporate

- Billings rise 14 per cent to £176.1m (2014 restated – £154.5m)
- Operating profit increases 33 per cent to £6.5m (2014 restated – £4.9m)
- Excellent growth in customer numbers and retention level
- highstreetvouchers.com online business growing strongly with 24/7 availability
- Love2shop Holidays (formerly Park Travel) achieves 16 per cent rise in bookings
- Introduction of new ranges of prepaid card products very well received

The business is one of the largest providers of incentive and reward solutions in the UK. It is a specialist in performance improvement schemes and has been providing market leading reward management products for over 20 years. Its sales teams and specialists work alongside customers to develop branded schemes tailored to meet the individual requirements of end users. This 'personalised service' is one of the strengths of Park's operation and demonstrates the knowledge and experience of the sales teams, drawing on years of know-how to ensure that each customer is offered the application that best matches its needs. Independent research by the UK Gift Card & Voucher Association estimates that the gift voucher, gift card and stored value solutions market is worth close to £5bn, having grown by approximately eight per cent during 2014.

Consumer

- Billings increase by 8 per cent to £196.8m (2014 restated – £181.5m)
- Operating profit rises 11 per cent to £5.9m (2014 restated – £5.4m)
- Average order size up by 5 per cent to £463 (2014 – £440)
- New 'Combi' card provides access to range of major retailers
- Irish business makes further steady progress
- Growth in use of social media provides important insight into customer views

The Christmas savings concept is particularly attractive to individuals, because it introduces control and discipline into a family's financial preparation for the festive season. It encourages saving by spreading payments over a 45 week period with products being delivered in the weeks running up to Christmas. Park has built a large and loyal customer base over many years. The variety of consumer products available is extensive, ranging from prepaid cards to gifts and store vouchers to hampers. Product innovation is a key feature of the business and enables it to keep pace with the changing needs and tastes of customers.

The strategic report comprises the sections entitled, Our strategy, Chairman's statement (including Key performance indicators), Chief Executive's review, Financial review and Risk factors.

Our strategy

Park's strategy is consistent and clear. The company is a UK based financial services business which utilises the latest communication technologies, principally the internet, mobile smart telephony and social media, to offer customers a range of incentive, reward and Christmas products, backed by the highest levels of service.

Our strategic priorities

To generate organic growth from expanding our customer base boosted by the creation of new products and services, as well as entering new markets that fit with our core proposition of being a value-added prepaid currency provider. We will also consider acquisition opportunities as they arise, provided they meet our market and financial objectives.

Enhance our retailer proposition

To remain the provider of choice to our customers we will continue to evolve our offer, backed by excellent service, so that we maintain and where possible expand the range of retailers available to our customers.

- Increase range of redeemers of Love2shop and flexecash®
- Improve awareness of Love2shop and flexecash® brands

Develop and exploit our infrastructure

We have invested significantly in our data processing technology and internet infrastructure and will continue to invest to provide the systems necessary to maintain growth.

- Add new products supported by our existing card processing infrastructure
- Provide additional services for customers

STRATEGIC PRIORITY	PROGRESS IN 2015	FUTURE PLANS
Enhance our retailer proposition We must continue to evolve our offer, backed by excellent service, to maintain and where possible enhance the number of retailers available to our customers. This involves increasing the range of Love2shop and flexecash® redeemers and improving awareness of the brands.	• Added a broad range of retailers to Love2shop voucher and flexecash® cards. • Added retailer specific solutions to improve choice. • Improved card functionality. • Added card solutions to improve choice.	• Continue to enhance the retailer proposition. • Provide solutions for a broad spectrum of consumer products; from everyday essentials to luxury brands.
Develop and exploit our infrastructure Develop our infrastructure by enhancing capabilities. We aim to introduce new products supported by our existing card processing infrastructure and provide new and exciting additional services for customers.	• Introduced new products into the corporate and consumer marketplace, supported by our infrastructure. • Expanded e-commerce to drive volume. • Added functionality to widen customer choice options and customer services. • Invested in data technology and resilience.	• Develop new service offerings that utilise our existing infrastructure in new markets. • Develop new applications to support market opportunities. • Engage strategic partners to facilitate growth.
Grow our multichannel offering Increase customer engagement and develop new customer touch points, improve our online offering and develop products for delivery on mobile and tablet devices.	• Improved the customer journey and enhanced the product range of all of our websites. • Optimised company websites for mobile and tablet devices.	• Provide improved online spending power in the consumer and corporate market. • Explore and develop mobile delivery of our products and services. • Grow market share.
Expand our customer base Grow market share by increasing the number of customers using our products and continue to improve and develop our offering in the UK and Eurozone.	• Developed products for new markets within the UK. • Added European brands to portfolio opening new markets.	• Increase marketing activity and identify new opportunities. • Identify potential new market opportunities for flexecash®, voucher and e-code products. • Identify opportunities in new markets.

Grow our multichannel offering

The retail market and consumer shopping habits are constantly changing. Park will maintain its market leading position by increasing customer engagement and developing new customer touch points.

- Improve our online offering
- Develop mobile products

Expand our customer base

We aim to drive growth in market share and reach more customers with both existing and new products.

- Improve and develop our marketing activities
- Develop products for market opportunities
- Increase the number of customers using our products

Chairman's statement

I am delighted to report that Park Group has maintained the momentum of its strong first half and delivered an excellent set of results for the year ended 31 March 2015. This impressive performance reflects the sustained improvement in market conditions and our ability to capitalise on growth opportunities through the launch of new products and further advances in customer service.

Park's growth strategy has remained consistent and is delivering reliable and growing returns for investors. The group's principal areas of operation continue to be the consumer savings and corporate reward and incentive markets, but the manner in which these markets are served by Park has changed beyond recognition over the past decade, driven by Park's investment in and ongoing development of information technology (IT), the internet and 'smart' device channels. We have utilised these technologies to drive new product development, marketing innovation and customer service. Our strategy has been implemented patiently and consistently, however the cumulative impact over the years has been transformational.

Financial performance

Group profit before taxation for the year to 31 March 2015 increased by 16.3 per cent to £10.9m (2014 – £9.4m) and operating profit rose to £9.7m (2014 – £7.8m). Finance income was lower than the previous year at £1.2m (2014 – £1.6m) on higher average cash balances, but with lower average returns in the year. Interest rates in the money markets remain low and Park's return on its cash is largely dependent on these rates. While enhanced returns may be available from investment in higher risk products and instruments, this would be incompatible with the company's cautious and low risk approach to cash management, which focuses on consumer protection.

Customer billings advanced by 11.0 per cent to £372.9m (2014 – £336.0m) while revenue increased to £293.3m (2014 – £269.6m). Customer billings, as we have highlighted in previous reports, is a more appropriate measure of performance than revenue. It is linked to the introduction in June 2010 of flexecash®, Park's proprietary payment system, and the associated change in the way in which the group is required to report revenue earned from its prepaid card offering.

Dividend

In the interim statement, issued in December 2014, we announced our intention to adjust the balance between the interim and final dividend so that the interim payment is closer to one third of the total dividend for the year. As a result of the strong trading performance and the company's significant and growing cash resources, the board is recommending the payment of a final dividend for the year of 1.60p per share, making a total dividend for the year of 2.40p per share (2014 – 2.30p). This is equivalent to an increase of 4.3 per cent. Shareholder approval will be sought at the annual general meeting (AGM) to be held on 24 September 2015 to pay the final dividend on 1 October 2015 to shareholders on the register on 28 August 2015.

Operating performance

Park's businesses service both the consumer and corporate markets, sectors where demand has been affected by the tough economic environment of recent years. While it is commendable that our businesses have been successful in adjusting to this scenario and growing sales and profits, the challenging market conditions certainly dampened the advance in the trading performance. The recovery in the UK economy, which started to become evident in 2013, is now established and reflected in our current trading performance. Park's performance has been resilient because of the manner in which the business has utilised skills and ingenuity across the group to better understand and service its customers' needs. Park increased investment in advanced systems and internet technology specifically to raise service levels and develop new products to further enhance the customer experience. The combination of these factors has placed Park in a sound, confident position in the various markets in which it operates.

The corporate business made further good progress, supplying an extensive range of gift cards, vouchers and e-codes for online use.

The outlook for Park is very encouraging. We are well placed to deliver further organic growth, enhance our financial performance and achieve a result in line with the expectations of our stakeholders.

Billings advanced strongly as new opportunities were successfully secured, more than offsetting continued lower demand from the credit sector. The corporate business has secured new business from many smaller customers so that the overall operation is more resilient than before being less dependent on a small number of large customers.

The consumer business, which offers customers a reliable, effective and convenient way to build savings for the festive season over a 45 week period, showed significant improvement. The order book increased by 8.4 per cent compared with the previous year. More than 90 per cent of orders are booked each year by the end of February, providing a clear view of the likely outturn for the next fiscal year. The marketing campaign for Christmas 2015 ended some months ago and was well received, with orders showing a similar level of increase year-on-year.

Strategy

Park has a robust and successful strategy, which has built stable foundations for the business and enabled it to deliver a strong financial performance. Today, the company is a significant e-commerce and financial services business, which utilises the power of the internet and the latest advances in communications technologies and 'smart' platforms, to offer customers a wide and exciting range of incentive, reward and Christmas savings products. This is underpinned by Park's continued commitment to investment and excellent customer service.

We will consider acquisition opportunities as they arise, provided they meet our market, financial and strategic objectives. We continue to cautiously assess opportunities for expanding our European business into new territories.

Employees

While our business performance is driven by technology, people remain our principal asset. On behalf of the directors and shareholders, I would like to thank all our employees for their unceasing commitment and enthusiasm during a year of considerable further progress for Park.

Current trading and outlook

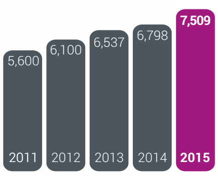
The trading momentum of the year under review has been maintained into the current year, which has started well. Orders for our savings business are well ahead of the same stage last year and the corporate operation is continuing to make excellent progress. The outlook for Park is very encouraging. We are well placed to deliver further organic growth, enhance our financial performance and achieve a result in line with the expectations of our stakeholders.

Peter Johnson
Non-executive Chairman
9 June 2015

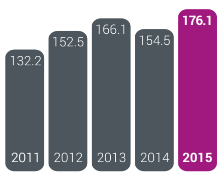
KEY PERFORMANCE INDICATORS

Corporate

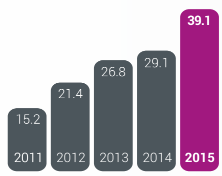
NUMBER OF CUSTOMERS
7,509 (2014 – 6,798)



BILLINGS GROWTH (£M) restated
£176.1m (2014 – £154.5m)

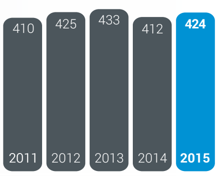


INTERNET DERIVED REVENUE (£M)
£39.1m (2014 – £29.1m)

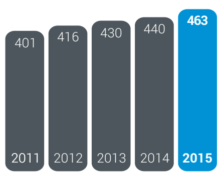


Consumer

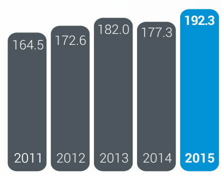
NUMBER OF CUSTOMERS
UK & IRELAND (000's)
424 (2014 – 412)



AVERAGE ORDER VALUE (£)
£463 (2014 – £440)



CHRISTMAS ORDER BOOK (£M)
£192.3m (2014 – £177.3m)



Chief Executive's review

Park has delivered an excellent result for the year under review with strong profit and revenue growth across the organisation and continued investment in systems, backed by healthy cash flows and a balance sheet free of bank borrowing. The company has a large and growing customer base, serving both the consumer and corporate sectors with innovative solutions to match their needs and expectations.

The business environment in the UK improved steadily during the year and this, linked with the associated rise in consumer confidence, has been a continuing positive influence on Park's operations. The company has adhered to its stated strategy during recent years, performing solidly despite economic conditions and is now in an encouraging position to capitalise on the improving marketplace.

The results for the year ended 31 March 2015, reflect the robustness of our business model and the successful implementation of our consistent strategy, which has four key aims:

- to enhance our retailer proposition;
- to grow our multichannel offering;
- to expand the customer base; and
- to develop and exploit our infrastructure.

During the year, further good progress was made in delivering against each of these strategic strands. We continue to be disciplined in our adherence to these ideals, as we believe they are important to the growth of our organisation, offering the group an inherent flexibility which allows us to manage a wide range of changing market conditions.

Our business model has evolved progressively over the years alongside the strategy, and this combination has successfully transformed Park into a company which today is unrecognisable from what it was just a decade ago. The advances have been in measured, patient steps and will continue to ensure that we progressively build and develop the business from a sound base. Such transformation has required major investment in product development and a dramatic improvement in our IT and internet capabilities. While Park has been transformed, it has consistently focused on its core historic values of providing customers with excellent value products and services, backed by first class customer relations.

The cash position is very strong, delivering the necessary resource to drive growth and provide working capital. Total cash balances ended the year at £89m (2014 – £73m).

Park's emphasis on customer service and improving efficiencies is leading to the progressive elimination of manual procedures within the company through investment in sophisticated, customised IT systems and infrastructure. Annual capital expenditure on IT runs at approximately £700,000 with a total spend, including technical support, in the region of £3.6m. This is a significant investment and commitment for a business the size of Park. In 2014, the company had its ISO27001 accreditation renewed; meaning that the group has met the international standard describing best practice for an information security management system.

Park has delivered an excellent result for the year under review with strong profit and revenue growth across the organisation.

During the year our data centres were refurbished and upgraded with the installation of new flooring and enhanced air conditioning equipment. The fire suppression, flood protection and smoke detector systems were also replaced by those utilising the latest technology. This is part of a rolling improvement and investment programme to maintain state-of-the-art conditions for Park's technology systems, which now constitute the heart of our operations.

The development of new products is an ongoing process at Park. The successful introduction of the flexecash® prepaid card in 2010 represented a step change for the business and moved it into areas which previously had not been accessible. Since launch, flexecash® cards have had over £320m of value loaded with 65 (2014 – 62) brands accepting the card. The card is available alongside the Love2shop voucher, which is supported by 144 (2014 – 132) brands. In Ireland, 43 (2014 – 41) brands accept the voucher and 15 (2014 – 12) brands accept the flexecash® card. The card and voucher are complementary with relatively little substitution.

Park has also capitalised on its position as a leading prepaid card provider through the development and introduction of many new products. The recent launch of its 'Anywhere' and 'Online' cards is a significant development. The 'Anywhere' card is a MasterCard which allows users to make purchases from any retailer that accepts MasterCard, not just a retailer linked to the Love2shop brand. The customer pays a small premium for a preloaded 'Anywhere' card but, as the name suggests, it comes with the freedom to spend the embedded value at any outlet that accepts MasterCard. The 'Online' card is sold at face value and can be spent online with a wide range of retailers. Customers appreciate the freedom and flexibility these products offer and sales are growing. In addition, the 'Anywhere' card represents an important development and further related products are being developed. These new cards are already having a significant impact and broadening Park's offering to its savings customers.

The programme to refresh or redesign company websites continues. One of the results of this work has led to online traffic moving onto the redesigned Love2shop site. The principal benefit of consolidating more users onto one site is to allow greater opportunity for cross-selling between different applications. Love2shop is a strategic e-commerce and card management website. It sells products plus peripherals including e-wallets, e-codes and card top-ups.

The process of topping-up a Park card with additional funds previously involved some form of human interaction but now, as part of the company's focus on customer service and efficiency, it is possible for self-service customers to top up their cards via new automated processes. These advances bring significant benefits for customers as the processing and credit checking procedures are fully automated and secure.

The dominant use of the internet as a form of communication means that in the year under review 86 per cent (2014 – 81 per cent) of new orders from first time customers were placed electronically. Automating manual processes also brings greater flexibility for customers as they can initiate actions at times and locations which suit them.

An increasing number of savings customers use direct debits to renew their programme each year. This feature is not only convenient and useful for the customer, but it also has considerable benefits to Park as memberships automatically renew, thus saving administration costs and ensuring that customers do not miss the opportunity to commence a new savings programme.

Social media is a useful communication device for customers and also provides Park with important insight into its customers' views and opinions. Park has some 72,000 (2014 – 60,000) 'likes' on its Facebook Christmas savings page and this provides valuable and instant market research. If issues are being discussed on Facebook, Park can respond rapidly to advise, comment on, or rectify any situation and in many cases, customers can answer the queries of other users, reducing the need for our direct involvement. Facebook is Park's most important social media outlet and provides an effective way of engaging with this growing audience.

In October 2010 Park expanded into the Eurozone following the purchase of an Irish business. This was an exciting development as it allowed the company to build its product offering in a new territory and also saw the creation of Park products denominated in Euros. Progress to date is encouraging, with agreements reached with 50 retailers in nine countries and billings growing steadily.

Corporate

The corporate business supplies a range of products, principally to the incentive and reward markets, where they are used to motivate employees and recognise achievement. Independent research by the UK Gift Card & Voucher Association estimates that the gift voucher, gift card and stored value solutions market is worth close to £5bn, having grown by approximately eight per cent during 2014.

The number of Park's corporate customers by the year end had reached a record 7,509 (2014 – 6,798), this reflects not only growth in the marketplace but also our success in expanding share of this exciting market. The corporate business directs its sales teams and specialists to work alongside customers to develop branded schemes tailored to meet the individual requirements of end users. This 'personalised service' is one of the strengths of Park's operation and demonstrates the knowledge and experience of the sales teams, drawing on years of know-how to ensure that each customer is offered the application that best matches its needs. Customer retention during the year improved to 84 per cent (2014 – 83 per cent). This is encouraging as a proportion of customers in this space operate 'one off' schemes.

Chief Executive's review *continued*

The business has maintained the strong progress of the first half and achieved an excellent result. Billings grew by 14.0 per cent to £176.1m (2014 restated – £154.5m) and operating profit rose by 32.6 per cent to £6.5m (2014 restated – £4.9m). Sales to a major customer in the credit sector have declined significantly over the past two years and it is a sign of the underlying strength of our business that, if the credit sector was excluded from these results, billings would have risen by 22 per cent compared with the previous year.

A feature of the year has been the high level of interest from corporate customers seeking to introduce new, or continue with existing, incentive and reward plans. These plans can take many different forms and are customised to match the requirement of each customer so as to optimise the benefit to its staff. The Love2shop voucher is used in many schemes and delivered an increase in revenue of 13.5 per cent compared with the previous year. Billings for the flexecash® prepaid card, excluding the credit sector, were also very strong, rising by 32 per cent.

An increasing number of businesses are using flexecash® as a way to reward and incentivise their clients, employees or customers. Its ease of use, coupled with its acceptability at thousands of retail outlets, makes it the ideal gift or reward card product. The number of retailers accepting the card continues to rise, and new retailers are being added to improve choice.

The Everyday Benefits card, which is an employee voluntary benefit product, has achieved further strong sales attracting many new corporate users. Staff receive the card as part of each company's incentive and reward schemes with appropriate value already loaded. The card is being used by a major retailer to reward its 50,000 staff in the UK for exceptional performance. A further attractive feature of the Everyday Benefits scheme is that employees can then top-up the card themselves, by loading funds onto it at a discounted rate. This part reward/part benefit card is, we believe, unique in the UK.

Love2shop Holidays (formerly Park Travel) provides another avenue of redemption for the Love2shop brand; the operation has continued to grow this year with bookings and revenue increasing 16 per cent. We have won a number of travel incentive schemes in the building sector, which are using holidays as the principal reward.

In the interim results we noted that the results of the online operation, hightstreetvouchers.com, are now included with those of the corporate business as the majority of billings generated from that site related to corporate customers. The online business is one of the most important and fastest developing components of Park. It has been growing rapidly for a number of years and in the year under review billings increased by a further 28 per cent to reach £21.5m (2014 – £16.9m). This dynamic progress demonstrates customers' preference for the flexibility offered by self-serve web sites, where users can interact with the company at any time of the day or night to place or manage any aspect of their order, including delivery arrangements. hightstreetvouchers.com ended the year with 200,000 orders and the site received 3.5m visitors.

The site is also very popular with overseas customers wishing to purchase gifts for UK based friends and relatives. In the year, more than 20,000 orders, with a total value in excess of £1.2m, were placed from overseas with a significant proportion coming from customers in Australia, Germany and the USA.

A further example of new product development from our focus on applying technology has been the introduction of 'Engage', a new, completely digital platform for the corporate incentive and reward market. This modular platform allows corporate users to create entirely web and 'smart' device based programmes for their customers or staff. The system can also incorporate any existing schemes each business may already be running and provides real-time statistics and information to each business on the uptake and success of each scheme. 'Engage' was developed during the period under review and launched in April 2015.

Consumer

Park has built a large and loyal customer base over many years. The Christmas savings concept is particularly attractive to individuals, because it introduces control and discipline into a family's financial preparation for the festive season. It encourages saving by spreading payments over a 45 week period with products being delivered in the weeks running up to Christmas. Inevitably, the business was affected by the economic downturn but the resilience of the operation and the loyalty of its customers reduced the impact. The continuing improvement in consumer confidence and economic activity has been positively reflected in our trading performance for the period.

The business delivered an excellent result in the year under review. Billings rose 8.4 per cent to £196.8m (2014 restated – £181.5m) while operating profit increased by 10.9 per cent to £5.9m (2014 restated – £5.4m). The business experienced solid growth with the number of customers increasing by 2.9 per cent to 424,000 (2014 – 412,000) while the number of accounts grew by 14.0 per cent to 145,000 (2014 – 127,000). Average order size was also ahead of the same period last year, reaching £463 (2014 – £440).

The variety of consumer products available is extensive, ranging from prepaid cards to gifts and store vouchers to hampers. Park's Love2shop prepaid cards and vouchers can be spent at over 20,000 high street stores, restaurants and attractions, making it the UK's most popular multi-retailer gift product. Retailers joining Love2shop in the year included Beaverbrooks, Currys PC World, The Perfume Shop and Waterstones. We also offer cards and vouchers issued by leading retailers, including Amazon, Debenhams, Marks & Spencer and Sports Direct, which can be spent in their own outlets only. For those customers who prefer to buy direct from Park, our gift catalogue contains thousands of popular items, which make perfect Christmas gifts. Hampers, the original Park business launched in 1967, continue to be available but now represent only four per cent of total Park billings.

Product innovation is a key feature of the consumer business and enables it to keep pace with the changing needs and tastes of customers. The new 'Combi' offer is a particularly important development, which has generated significant and growing demand. Combi provides customers with two cards, a Love2shop card and one from either ASDA or Morrisons. This card combination enables Park's customers to have access to certain national retailers, which would otherwise not have been available. The response to Combi has been excellent and the scheme has been broadened for the current year with Primark and Sainsbury's joining. Discussions are in progress with other leading retailers, attracted by the opportunities offered by this exciting new product combination. The early Combi orders for Christmas 2015 show a large increase over the previous year, reflecting the appeal of this innovative approach.

Marketing is at the heart of the success of our consumer business with advertising for each Christmas campaign beginning during the previous year and is principally via television. The campaign usually commences in September and runs for six months to February. By the time the campaign finishes most customers will have commenced their 45 week savings scheme. This lengthy savings period gives Park clear visibility of how the year is developing, and also enables the company to fine tune the campaign for the following Christmas.

Park's business in Ireland made further steady progress and it is encouraging that billings were five per cent ahead of the level of the previous year. The number of customer accounts also increased and the average spend per customer rose. After a detailed review, the product range has been rationalised to meet the particular requirements of this market. The Love2shop voucher is now redeemable at 43 major retailers and the prepaid card is accepted by 15. The Irish market is small in comparison to the UK but has provided a valuable introduction to the challenges inherent in launching in new geographical territories and currencies.

During the year we have continued to invest in product development, system functionality and IT hardware. This will help us to remain flexible and allows us to continue to offer appealing products and outstanding service to our expanding range of customers, whatever their circumstances or requirements.

We look forward to the coming year with confidence and anticipate another period of sustained growth.

Chris Houghton
Chief Executive Officer
9 June 2015

Financial review

Profit from operations

The group's operations are divided into two operating segments:

- consumer, which represents the group's sales to consumers, utilising its Christmas savings offering; and
- corporate, comprising the group's sales to businesses, offering primarily sales of the Love2shop voucher, flexecash® cards and other retailer vouchers to businesses for use as staff rewards/incentives, marketing aids and prizes.

At the start of the year, our online business, highstreetvouchers.com was transferred from our consumer business to our corporate business as the majority of sales value generated from this online business related to corporate customers. Previously reported figures have been restated. Full details are given in note 29.

All other segments comprise central costs and property costs.

Billings have increased when compared to the prior year by 11.0 per cent to £372.9m, with revenue increasing on the same basis by 8.8 per cent to £293.3m. The increase in revenue is smaller than the increase in billings year on year, due to the higher proportion of billings arising from flexecash® cards. Revenue earned from the sale of flexecash® cards is recognised differently from all other customer billings, as explained below.

Revenue and margin from sales of Love2shop vouchers and flexecash® cards are generated from both operating segments.

Operating profit is detailed below:

	2015 £'000	Restated 2014 £'000	Change £'000
Consumer	**5,933**	5,352	581
Corporate	**6,465**	4,874	1,591
All other segments	**(2,710)**	(2,398)	(312)
Operating profit	**9,688**	7,828	1,860

Operating profit for the year ended 31 March 2015 has increased by £1.9m to £9.7m.

In the consumer business, customer billings have increased by 8.4 per cent to £196.8m. Revenue has also increased by 2.1 per cent to £164.7m. Operating profit at £5.9m has increased by £0.6m from that achieved in the prior year. The increase in billings reflects the higher level of customer prepayment orders fulfilled in the UK for Christmas 2014 at £189.3m. Billings in respect of flexecash® cards totalled £32.5m (2014 – £21.1m).

In the corporate business, customer billings have increased by £21.6m (14.0 per cent) in the year to £176.1m. Growth in billings in the incentive and reward sector was again strong, up £20.3m (23.2 per cent) in the year. In addition, in the employee benefits and cash replacement sectors billings increased by £8.6m. In contrast, billings in the credit sector were £8.7m lower than last year principally due to a reduction in the value processed through the flexecash® card system. Revenue has increased by £20.4m to £128.6m. The growth in operating profits of £1.6m to £6.5m reflects the strong growth in billings. Billings in respect of flexecash® cards totalled £54.0m (2014 – £50.0m).

The increased costs in other segments of £0.3m reflects primarily an increase in staff costs.

Finance income

Finance income declined from £1.6m to £1.2m reflecting lower market interest rates available. This reduction was in spite of an increase of approximately £18m in average total cash balances including monies held in trust, to just under £121m, over the prior year.

Taxation

The effective tax rate for the year was 22.3 per cent (2014 – 22.6 per cent) of profit before tax.

Earnings per share

Basic earnings per share (eps) increased to 4.66p from 4.16p.

Dividends

The board has recommended a final dividend of 1.60p per share. An interim dividend of 0.80p per share was paid on 7 April 2015. Subject to approval of the final dividend at the AGM, the total dividend for 2015 will be 2.40p per share representing an increase of 4.3 per cent over the prior year.

Cash flows

At the end of March 2015 £26.3m (2014 – £14.8m) of cash and cash equivalents offset by a cash book overdraft of £3.1m (2014 – nil) was held by the group with a further £0.5m (2014 – £0.5m) held as deposits with a maturity period of greater than three months but less than 12 months. In addition, £50.9m (2014 – £45.4m) was held by the Park Prepayments Trustee Company Limited. The trust holds payments received in respect of orders for delivery the following Christmas. The conditions for the release of this money to the group are detailed in the trust deed, which is available at www.getpark.co.uk. In addition, at 31 March 2015, the group held £14.9m (2014 – £12.1m) of cash in the Park Card Services Limited E money Trust (PCSET) to support the E money float in accordance with regulatory requirements.

The total amount of cash and deposits net of any overdraft position held by the group combined with the monies held in trust has increased in the year to £89.5m from £72.9m as at 31 March 2014. These total balances peaked at just under £189m in the year, representing an increase of almost £24m over last year. This was due to the increased volumes of cash receipts associated with higher level of billings generally across all areas of the group.

During the year the group has transferred both of its investment properties into assets held for sale, with one property sold in the year for proceeds of £45,000 (less cost to sell) and the remaining property being written down to a book value of £39,000. Impairment charges in the year in respect of these properties amounted to £109,000. The group has also capitalised a further £0.6m (2014 – £1.0m) of expenditure incurred in improving its customer facing systems, infrastructure and associated computer hardware.

Interest income received from maturing deposits declined from £1.9m to £1.2m reflecting the general decline in rates being offered for new bank deposits over the previous year.

Provisions

At the year end, provisions had increased to £43.2m from £37.2m. This was mainly due to an increase in the provision for unspent vouchers of £5.6m, accompanied by an increase in the amounts provided in respect of flexecash® cards of £0.3m. The value of unspent vouchers included in the provision, arises primarily from sales in the corporate business. Included within provisions is an amount of £80,000 (2014 – £53,000) in respect of future expected settlements of claims arising from the mis-selling of payment protection insurance. The group ceased to sell this insurance in 2007 when it closed its loan broking business.

Accounting policies

Revenue recognition

Revenue from cards is recorded differently to revenue from paper vouchers and comprises the fees earned based on customer billings, recognised when the value loaded on the card has been redeemed. Where cards are sold to businesses for onward gifting to consumers with no right of redemption, revenue also includes an estimate of projected balances remaining on the card at expiry. The amount included in this year's income statement as revenue from flexecash® cards is £7.4m (2014 – £5.4m).

Pensions

The group continues to operate two defined benefit pension schemes, where pensions at retirement are based on service and final salary. These schemes are now closed to future accrual of benefit arising from service with the group. The net pension deficit based on the valuation under IAS19 Employee Benefits (2011 revised) performed at 31 March 2015 has increased to £1.3m (2014 – £1.2m).

The group has recognised a cost of £42,000 (2014 – credit of £1,000) in the income statement, and remeasurements in the statement of comprehensive income (SOCI) of a loss of £0.6m (2014 – loss of £1.3m) net of tax.

In the year ended 31 March 2015, contributions by the group to the schemes totalled £0.7m (2014 – £0.7m). The latest actuarial valuations performed as at 31 March 2013 indicated that one scheme had a technical provisions deficit (reflecting the liabilities to pay pension benefits in relation to past service as they fall due) of £3.8m and one had a surplus on the same basis of £0.6m. Future group contributions to the scheme that is in deficit are expected to be £0.7m per annum.

Martin Stewart
Group Finance Director
9 June 2015

Risk factors

Financial risks

Risk area	Potential impact	Mitigation
Group funding	The group, like many other companies, depends on its ability to continue to service its debts as they fall due and to have access to finance where this is necessary.	The group manages its capital to safeguard its ability to operate as a going concern. Whilst the group has net liabilities and net current liabilities, it has access to funds for working capital from the Park Prepayment Protection Trust (PPPT) for a defined period in the year. This enables it to operate without bank borrowings. In addition the group has a high level of visibility of future revenue streams from its consumer business. The funding requirements of the business are continually reforecast to ensure that sufficient liquidity exists to support its operations and future plans.
Treasury risks	The group has significant funds on deposit and as such is exposed to interest rate risk, counterparty risk and exchange rate movements following the commencement of operations in Ireland.	The group treasury policy ensures that funds are only placed with and spread between high quality counterparties and where appropriate any exchange rate exposure is managed to minimise any potential impact.
Banking system	Disruption to the banking system would adversely impact on the group's ability to collect payments from customers and could adversely affect the group's cash position.	The group seeks wherever possible to offer the widest possible range of payment options to customers to reduce the potential impact of failure of a single payment route.
Pension funding	The group may be required to increase its contributions to cover any funding shortfalls.	The group's pension schemes are closed to future benefit accrual related to service. Funding rates are in accordance with the actuaries' recommendations.
Financial services and other market regulation	The business model may be compromised by changes in existing regulation or by the introduction of new regulation. Possible new regulation could include a requirement to ring fence funds for vouchers sold to consumers. This could adversely affect the group's cash position.	The group has a regulatory team that monitors and enforces compliance with existing regulations and keeps the group up to date with impending regulation. The group shares the objectives of Government in treating customers fairly and in the protection of customer prepayments. The group operates a number of trusts to safeguard funds held on behalf of customers. In the event of new regulation being introduced that requires additional cash to be segregated, the group has access to other potential sources of funds, if required.
Credit risks	Failure of one or more customers and the risk of default by credit customers due to reduced economic activity.	Customers are given an appropriate level of credit based on their trading history and financial status, a prudent approach is adopted towards credit control. Credit insurance is used in the majority of cases where customers do not pay in advance.

Operational risks

Risk area	Potential impact	Mitigation
Business continuity and IT systems	Failure to provide adequate service levels to customers, retail partners or other suppliers, resulting in a failure to maintain services that generate revenue.	The group plans and tests its business continuity procedures in preparation for catastrophic events and for the existence of counterfeit vouchers or cards. Our focus is on the elimination of any single point of failure in our IT systems. The group maintains three separate data centres in relation to its core infrastructure to ensure that service is maintained in the event of a disaster at its primary data centre. Developed software is extensively tested prior to implementation.
Loss of key management	The group depends on its directors and key personnel. The loss of the services of any directors or other key employees could damage the group's business, financial condition and results.	Existing key appointments are rewarded with competitive remuneration packages including long term incentives linked to the group's performance and shareholder return.
Relationships with high street and online retailers	The group is dependent upon the success of its Love2shop voucher and flexecash® card. These products only operate provided the participating retailers continue to accept them as payment for goods or services provided. The failure of one or more participating retailers could make these products less attractive to customers.	The group has a dedicated team of managers whose role it is to ensure that the group's products have a full range of retailers. They also work closely with all retailers to promote their businesses to Park's customers who utilise Park's vouchers and cards to drive forward incremental sales to their retail outlets. Contracts which provide minimum notice periods for withdrawal are in place with all retailers and are designed to mitigate any potential impact on Park's business.
Failure of the distribution network	The failure of the distribution network during the Christmas period, for example a Post Office strike, road network disruption or fuel shortages could adversely impact the results and reputation of Park's brands.	Wherever possible the group seeks to utilise a wide range of geographically spread carriers to mitigate the failure of a single operator.
Brand perception and reputation	Adverse market perception in relation to the group's products or services, for example, following the collapse of a competitor. This could result in a downturn in demand for its products and services.	Ongoing investment in television advertising. Operation of a process of continual review of all marketing material and websites to promote transparency to customers. Extensive testing and rigorous internal controls exist for all group systems to maintain continuity of online customer service.
Promotional activity	The success of the group's annual promotional campaign is essential to ensure the continued recruitment of customers. Failure to recruit would result in loss of revenue to the group. Promotional activity must also be cost effective.	Detailed management processes that are designed to optimise the cost of recruiting are in place. The effectiveness of each individual television advert is assessed separately and future plans amended where appropriate.
Competition	Loss of margins or market share arising from increased activity from competitors.	The group has a broad base of customers and no single customer represents more than 4 per cent of total customer billings. Significant resources are dedicated to developing and maintaining strong relationships with customers and to developing new and innovative products which meet their precise needs.

Page 6 to 17 of the annual report form the strategic report. The strategic report was approved by the board and signed on its behalf on 9 June 2015.

Chris Houghton
Chief Executive Officer

Board of directors

1. Peter Johnson (75)

Peter is the company's founder and has the role of non-executive chairman. He has a service agreement with the company entered into on 6 April 2012 which requires six months' notice of termination by either party.

2. Chris Houghton (56)

Chris was appointed to the board on 11 October 2000 and became chief executive officer on 11 April 2012. He is a Fellow of the Chartered Institute of Management Accountants and joined the group as group accountant in 1986. He became group finance director on 29 March 2001 and up to his appointment as chief executive officer was previously group managing director. He has a service agreement with the company entered into on 1 April 2012 which requires 12 months' notice of termination by either party.

3. Martin Stewart (54)

Martin was appointed to the board on 1 November 2004 and is the group finance director. He is a Fellow of the Institute of Chartered Accountants in England and Wales and joined the group from Eddie Stobart Group PLC, where he was group finance director. Prior to this he was with UK Waste Management Limited from 1992 to 2000, from 1997 as group finance director, and earlier in his career held financial positions with The Littlewoods Organisation, ICI PLC and Price Waterhouse. He has a service agreement with the company entered into on 1 November 2004 which requires 12 months' notice of termination by either party. Mr Stewart, in accordance with the articles of association of the company, retires by rotation and, being eligible, offers himself for re-election.

4. Gary Woods (58)

Gary was appointed to the board on 29 March 2001. He joined the group with the acquisition of Chrisco Hampers in 1980 and has gained wide experience in divisional roles. He is managing director of Park Retail Limited. He has a service agreement with the company entered into on 29 June 2001 which requires 12 months' notice of termination by either party. Mr Woods, in accordance with the articles of association of the company, retires by rotation and, being eligible, offers himself for re-election.

5. John Dembitz (65)

John was appointed to the board as a non-executive director on 8 May 2008 and is the group's senior independent director. He has a service agreement with the company entered into on 8 May 2008 which requires six months' notice of termination by either party. He is currently chairman of Pelican Rouge, Incredibull, Lee Baron & EAC Management and a non-executive director of National Association of Pension Funds and Winmark Global. Mr Dembitz is chairman of the nomination committee and a member of the audit and remuneration committees. Mr Dembitz, in accordance with the articles of association of the company, retires by rotation and, being eligible, offers himself for re-election.

6. Laura Carstensen (54)

Laura was appointed to the board as a non-executive director on 23 September 2013. She has a service agreement with the company entered into on 13 September 2013 which requires three months' notice of termination by either party. She is a former partner in city law firm Slaughter and May and a former member and deputy chairman of the UK Competition Commission (now the Competition and Markets Authority). She is a non-executive director and chair of the values and ethics committee of The Co-operative Bank plc and a non-executive director of MLex Limited. She holds two ministerial appointments, as a commissioner of the Equality and Human Rights Commission and as a trustee of National Museums Liverpool. She was educated at Withington Girls School in Manchester and read English at St Hilda's College, Oxford. Ms Carstensen is chairman of the group's audit committee and a member of the remuneration and nomination committees.

7. Michael de Kare-Silver (58)

Michael was appointed to the board as a non-executive director on 23 September 2013. He has a service agreement with the company entered into on 14 September 2013 which requires three months' notice of termination by either party. He is an advisor to the digital, e-commerce and mobile communications sectors. He is also chairman of Coats plc Global Services. He has previously served as a main board director at a number of companies including FTSE 100 GUS plc and FTSE 250 Thus Group plc. He headed up Argos.co.uk, Experian.com and Burberry online as CEO of GUSco.com and founded successful start-ups born2learn.com and MyFaveShop.com. Mr de Kare-Silver was Chairman at WIN plc and Breeze Tech Mobile. Early in his career he gained valuable experience at both Procter & Gamble and McKinsey & Company. Mr de Kare-Silver is chairman of the group's remuneration committee and a member of the audit and nomination committees.

Directors' report

The directors submit their report for the year ended 31 March 2015 for Park Group plc, registration number 1711939.

Profit and dividend

The group profit for the financial year, after taxation, was £8.499m (2014 – £7.280m).

The directors have declared a dividend as follows:

	£m
Approved interim dividend of 0.80p per share (2014 – 0.55p)	**1.460**
Proposed final dividend of 1.60p per share (2014 – 1.75p)	**2.920**
Total ordinary dividend of 2.40p per share (2014 – 2.30p)	**4.380**

The directors have recommended that the final ordinary dividend be paid on 1 October 2015 to those shareholders on the register on 28 August 2015.

Principal activities

A statement describing the business activities of the company and its subsidiary undertakings is set out on pages 10 to 13 with comments on current developments in the chairman's statement on pages 8 to 9. The principal subsidiary undertakings and their activities are set out in note 8 to the accounts.

Business review

A review of the group's activities over the financial year is contained in the chairman's statement on page 8 to 9 and in the chief executive's review on pages 10 to 13.

Share capital

Grant of long term incentive plan (LTIP) awards

On 5 February 2015, 1,989,518 provisional shares were awarded under the terms of the group's LTIP scheme. Share distributions may be made at the end of the plan cycle, which cannot be less than three consecutive years, and are subject to certain performance criteria.

Major shareholders

At the date of this report the following had notified interests in the share capital of the company of 3 per cent or more:

	No of shares	%
Mr P R Johnson	29,309,680	16.06
Schroder plc	20,108,887	11.02
Huntress Nominees Limited	16,235,386	8.90
SFM UK Management LLP	15,660,000	8.58
Miton Group PLC	9,370,380	5.13
Henderson Global Investors	9,162,000	5.02
AXA Investment Managers SA	8,500,000	4.66
Investec Asset Management	7,250,000	3.97
Casenove Capital Management Limited	6,925,875	3.79
Norges Bank	6,718,293	3.68
The Diverse Income Trust Plc	6,484,087	3.55

Mr P R Johnson has:
- a beneficial interest in 29,309,680 shares held in the 1989 Peter Johnson Settlement Trust in which Capita Fiduciary Group has an interest;
- a beneficial interest in 16,235,386 shares in which Huntress Nominees Limited has an interest; and
- a non-beneficial interest, as a member and council member, in The Johnson Foundation, a registered charity with number 518660. The Johnson Foundation hold 4,665,454 shares in the company.

Directors and their interests

The directors who were in office during the year ended 31 March 2015, are shown on pages 18 and 19.

Details of directors' and connected persons' share interests in the company are shown in the remuneration report on page 26.

Employee involvement

Employees are kept informed of the performance and objectives of the group through personal briefings, regular meetings and email.

Market value of land and buildings

As at 31 March 2015, in the opinion of the directors, the market value and book value of the land and buildings of the group are not significantly different.

Political and charitable contributions

During the year ended 31 March 2015 the group contributed to charity £10,000 (2014 – £10,562). These donations were made primarily to local charities supporting local communities. There were no political contributions.

Financial instruments

The company's financial risk management policies and objectives, including the exposure to market risk, credit risk and liquidity risk are set out in note 28 to the accounts.

Creditor payment policy

For all trade creditors, it is the group's policy to:
- agree the terms of payment at the start of business with that supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with its contractual and other legal obligations.

As at 31 March 2015 the number of days of parent company purchases outstanding was 10 days (2014 – 13 days).

Disclosure of information to auditors

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

Auditors

In accordance with section 489 of the Companies Act 2006, a resolution for the reappointment of Ernst & Young LLP as auditors of the group is to be proposed at the forthcoming AGM.

By order of the board

R Fairbrother
Company Secretary
Birkenhead
9 June 2015

Corporate governance

The board

The group is controlled through its board of directors. The board's main roles are:

- to provide entrepreneurial leadership of the group;
- to set the group's strategic objectives and to ensure that the necessary financial and human resources are in place to enable them to meet those objectives;
- to review management performance;
- to set the company's standards and values; and
- to ensure that the company's obligations to its shareholders and others are understood and met.

The board, which meets at least five times a year, has a schedule of matters reserved for its approval. It meets on other occasions as necessary.

The board has appropriate insurance cover in respect of legal action against its directors.

The specific responsibilities reserved to the board include:

- setting group strategy and approving an annual budget and medium-term projections;
- overseeing the implementation of the agreed strategies and policies of the group;
- monitoring the liquidity risk of the business and the going concern basis of preparation;
- reviewing operational and financial performance;
- approving entering into financing arrangements;
- approving major acquisitions, divestments and capital expenditure;
- reviewing the group's systems of financial control and risk management;
- ensuring that appropriate management development and succession plans are in place;
- developing and implementing risk management systems;
- reviewing the environmental, health and safety performance of the group;
- approving appointments to the board and the company secretary;
- approving policies relating to directors' remuneration and the severance of directors' contracts; and
- ensuring a satisfactory dialogue takes place with shareholders.

Committees of the board

Nomination committee

During the year the nomination committee comprised John Dembitz (chairman), Peter Johnson, Laura Carstensen and Michael de Kare-Silver. Three meetings were held during the year.

The nomination committee's terms of reference, which were updated during the year, are available from the company secretary and are displayed on the group's website. The nomination committee meets if a vacancy arises or need is identified to alter the mix of skills and experience on the board and to review succession planning.

The nomination committee's policy on diversity is encapsulated by the values set out in the company's policy on equality and diversity.

Remuneration committee

During the year the remuneration committee comprised Michael de Kare-Silver (chairman) Laura Carstensen and John Dembitz who are all non-executive directors. The remuneration committee met formally three times during the year.

The remuneration committee's principal responsibilities are:

- setting, reviewing and approving individual remuneration packages for executive directors and the chairman including terms and conditions of employment and any changes to the packages;
- recommend and monitor the level and structure of remuneration for senior management;
- approving the rules, and launch, of any group share, share option or cash based incentive scheme; and
- the grant, award, allocation or issue of shares, share options or payments under such scheme.

In addition the remuneration committee periodically reviews the group's remuneration policy in relation to:

- its competitors and industry norms;
- compensation commitment; and
- contract periods.

The remuneration for the non-executive directors is determined by the executive directors.

The remuneration committee's terms of reference, which were updated during the year, are available from the company secretary and are displayed on the group's website. The directors' remuneration report is set out on pages 25 to 27 of the annual report.

Audit committee

During the year the audit committee comprised Laura Carstensen (chairman), Michael de Kare-Silver and John Dembitz who are all non-executive directors. Peter Johnson, Chris Houghton and Martin Stewart and the group's external auditors attend meetings of the audit committee by invitation.

The audit committee met three times during the year.

The audit committee usually reviews its terms of reference annually and recommends to the board any changes required as a result of the review.

The audit committee's terms of reference, which were updated during the year, are available from the company secretary and are displayed on the group's website.

In the financial year to 31 March 2015 the audit committee discharged its responsibilities by:

- reviewing the group's draft financial statements and interim results statement prior to board approval and reviewing the external auditors' detailed reports thereon;
- reviewing the appropriateness of the group's accounting policies;
- reviewing regularly the potential impact in the group's financial statements of certain matters;
- reviewing and approving the audit fee and reviewing non-audit fees payable to the group's external auditors;
- reviewing the external auditors' plan for the audit of the group's accounts, which included key areas of audit focus, key risks on the accounts, confirmations of auditor independence and the proposed audit fee and approving the terms of engagement for the audit;
- reviewing post-acquisition reports on integration and performance of significant recent acquisitions; and
- reviewing the processes for managing risks associated with major business programmes.

Corporate governance *continued*

The audit committee, at least annually, meets the external auditors, without management, to discuss matters relating to its remit and any issues arising from the audit.

Under its terms of reference, the audit committee monitors the integrity of the group's financial statements and any formal announcements relating to the group's financial performance, reviewing any significant financial reporting judgements contained in them.

The audit committee is responsible for monitoring the external auditor's independence and objectivity, the effectiveness of the external audit process and making recommendations to the board in relation to the appointment, reappointment and remuneration of the external auditor. It is responsible for ensuring that an appropriate relationship between the group and the external auditors is maintained, including reviewing non-audit services and fees.

The audit committee reviews arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters referred to as 'Whistle-blowing'. The audit committee's objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

The audit committee monitors regularly the non-audit services being provided to the group by its external auditors in line with its policy on non-audit work performed by the auditors. The policy prohibits the external auditors from undertaking certain work and provides that other categories of non-audit work must be submitted to the audit committee for approval prior to engagement.

The audit committee keeps under informal review the need for the group to have an internal audit function. Due to the size and scope of the business the audit committee has recommended to the board that it does not currently consider it appropriate for the group to have an internal audit function.

Over the year the management team engaged BDO LLP to carry out a number of internal reviews to examine areas of management and control risks. These reports were subsequently considered by the board. The board continues to keep under review the need for a more formally constituted internal audit programme.

Risk management committee

During the year the risk management committee comprised Chris Houghton (chairman), Gary Woods, Martin Stewart, Russell Fairbrother and Steve Lock (head of IT). The risk management committee met five times during the year.

The risk management committee's terms of reference include:

- identification of business risk throughout the group's operations;
- determination of the controls necessary to manage identified risk;
- evaluation of the effectiveness of those controls; and
- continuous assessment and reporting to the board.

The audit committee considers any matters in relation to the principal risks, as determined by the risk management committee.

The following table sets out the number of scheduled meetings of the board and its committees during the year and individual attendance by board members at these meetings. Attendance at the meetings by non-member directors is not shown:

	Group board	Audit committee	Remuneration committee	Nomination committee
Executive directors				
Chris Houghton	7			
Martin Stewart	7			
Gary Woods	7			
Non-executive directors				
Peter Johnson (Chairman)	6	3		1
John Dembitz	7	3	2	3
Laura Carstensen	7	3	3	3
Michael de Kare-Silver	7	3	3	3
Scheduled meetings	**7**	**3**	**3**	**3**

Senior independent director

The board has appointed John Dembitz as senior independent director. He is always available to meet shareholders on request and to ensure that the board is aware of any shareholder concerns not resolved through the existing mechanisms for investor communication.

Directors and directors' independence

The board currently comprises of the non-executive chairman, three independent non-executive directors and three executive directors. The names of the directors, together with their biographical details, are set out on pages 18 and 19.

The board includes independent non-executive directors who constructively challenge and help develop proposals on strategy and bring independent judgement, knowledge and experience to the board's deliberations. The independent directors are of sufficient calibre and number that their views carry significant weight in the board's decision making. The board considers its non-executive directors to be independent in character and judgement.

The independent non-executive directors have confirmed that, except for as noted below, none of them:

- has been an employee of the company or group within the last five years;
- has, or has had within the last three years, a material business relationship with the group apart from a director's fee, participates in the company's share option or performance related pay scheme or is a member of the group's pension scheme, except as noted below;
- has close family ties with any of the group's advisers, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies, other than those disclosed in the directors' biographical details on pages 18 and 19;
- represents a significant shareholder; or
- has served on the board for more than nine years.

Our non-executive chairman, Mr Peter Johnson, has a significant shareholding in the company. He performs a number of pro-bono roles and the board is satisfied that these are not such as to interfere with the discharge of his duties.

The directors are given access to independent professional advice at the group's expense, when the directors deem it is necessary in order for them to carry out their responsibilities.

Professional development

On appointment, directors take part in an induction programme when they receive information about the structure and practices of the group together with the group's latest financial information. This is supplemented by meetings with key senior executives. Throughout their period in office the directors are continually updated on the group's business, the competitive and regulatory environments in which it operates and other changes affecting the group and the industry it operates in as a whole, by written briefings, meetings with senior executives and attendance at external courses.

Performance evaluation

There is no formal process for the annual evaluation of the directors or the chairman. The remuneration committee considers individual director's performance when it determines their forthcoming annual remuneration. Directors' performance is under continual review and is measured against targets. The non-executive directors are not subject to evaluation. The board considers its arrangements for appraisal are adequate to ensure effective governance given the size of the company and its board.

Re-election

Subject to the company's articles of association, the Companies Acts and satisfactory performance, non-executive directors are appointed for an initial period of three years. Before the third and sixth anniversary of the non-executive director's first appointment, the director discusses with the board whether it is appropriate for a further three year term to be served.

The company's articles of association require that one third of the members of the board or, if their number is not three or a multiple of three, the number nearest to but not exceeding one third, shall retire by rotation and seek re-election each year.

Company secretary

The company secretary is responsible for advising the board through the chairman on all governance matters. The directors have access to the advice and services of the company secretary who is responsible to the board for ensuring board procedures are complied with. The company's articles of association provide that the appointment and removal of the company secretary is a matter for the full board.

Information

Regular reports and papers are circulated to the directors in a timely manner in preparation for board and committee meetings. These papers are supplemented by information specifically requested by the directors from time to time. All executive directors receive monthly management accounts and regular management reports and information which enable them to scrutinise the group's and management's performance against agreed objectives. The board periodically invites executives to present on specific topics, business areas, to allow the board to take a more in-depth view.

Relations with shareholders

The chairman gives feedback to the board on issues raised with him by major shareholders.

The AGM is attended by all directors, and shareholders are invited to ask questions during the meeting and to meet with directors after the formal proceedings have ended.

The group maintains a corporate website containing a wide range of information of interest to investors.

Presentations are made to analysts and institutional investors following announcements to the stock exchange of the half-year and full-year results. Other ad hoc meetings are held with interested parties on request.

The senior independent director is available to shareholders if they have concerns which contact through the normal channels of non-executive chairman and chief executive officer has failed to resolve or for which such contact is inappropriate.

Risk and internal control

The board is responsible for the group's system of internal control and for reviewing its effectiveness. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the group. These may be strategic, operational, reputational, financial or environmental. The process is reviewed regularly by the board. The directors have continued to review the effectiveness of the group's system of financial, operational and compliance controls against significant risk.

Corporate governance *continued*

The principal elements of the group's established control systems include:

- a clearly defined organisational structure under which individual responsibilities are monitored by members of the board;
- budgets covering key financial aspects of group activities which are approved by the board;
- monthly comparisons of results against budget and prior year which are considered by the board;
- clearly defined procedures for treasury management and the authorisation of capital expenditure; and
- the appointment of a risk management sub-committee.

The risk management sub-committee's terms of reference are shown on page 22.

A risk management system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

This process has been in place for the year under review and up to the date of approval of the annual report and accounts.

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors have decided to prepare voluntarily a directors' remuneration report in accordance with the Companies Act 2006. The directors have also decided to prepare voluntarily a corporate governance statement as if the company were required to comply with the Listing Rules and the Disclosure Rules and Transparency Rules of the Financial Conduct Authority in relation to those matters.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Remuneration report

This report sets out the remuneration policy of Park Group plc. As a company listed on AIM, the company is not required by the Companies Act 2006 to prepare a directors' remuneration report. The board has, however, adopted many of the best practice provisions in connection with the preparation of such reports and these are referred to in the report below.

Unaudited information

Remuneration committee

Details of the remuneration committee are given on page 21.

In undertaking its responsibilities the committee seeks independent external advice as necessary. The principal external advisers to the committee are Grant Thornton UK LLP.

Executive remuneration policy

The aim of the group's remuneration policy is to adopt levels of remuneration which should be sufficient to attract, motivate and retain high calibre executives. The policy is to reward directors with competitive salaries and benefit packages which are linked to both individual and business performance. These packages are reviewed each year to ensure that they are supportive of the group's business objectives and the creation of shareholder value.

Details of remuneration

Executive directors are remunerated through the provision of a basic salary, annual bonus (linked to performance), long term incentives (share options and LTIP – linked to performance), car allowance, medical and permanent health insurance cover. Certain executive directors enjoy benefits in kind such as contributions to pension arrangements and the payment of certain professional subscriptions.

Basic salaries

Basic salaries for executive directors are reviewed by the remuneration committee each year.

Short-term performance related payments

Executive directors can earn performance related bonus payments, subject to the achievement of predetermined business unit and group profit targets over one financial year. Bonuses do not form part of pensionable earnings.

Long-term incentives

The directors' participate in the group's LTIP and, in previous years, the approved executive share option scheme (AESOS) and unapproved executive share option scheme (UESOS) as shown on page 27. No further awards of options have been made to directors under the AESOS and UESOS.

The 2011 LTIP was adopted by the remuneration committee on 21 July 2011. The 2012 LTIP was adopted by the remuneration committee on 19 July 2012. The 2013 LTIP was adopted by the remuneration committee on 18 July 2013. The 2014 LTIP was adopted by the remuneration committee on 5 February 2015.

LTIPs awarded prior to 5 February 2015 incorporate a market condition (TSR), which is taken into account in the grant date measurement of fair value. Awards made on this date under the amended plan, do not incorporate a market condition, but include a non-market condition of aggregate PBT generated over a three year performance period.

Contracts

Details of executive directors' service contracts are given on pages 18 and 19. At the date of this report all contracts had an unexpired term of 12 months. No contract provides for compensation payments on loss of office.

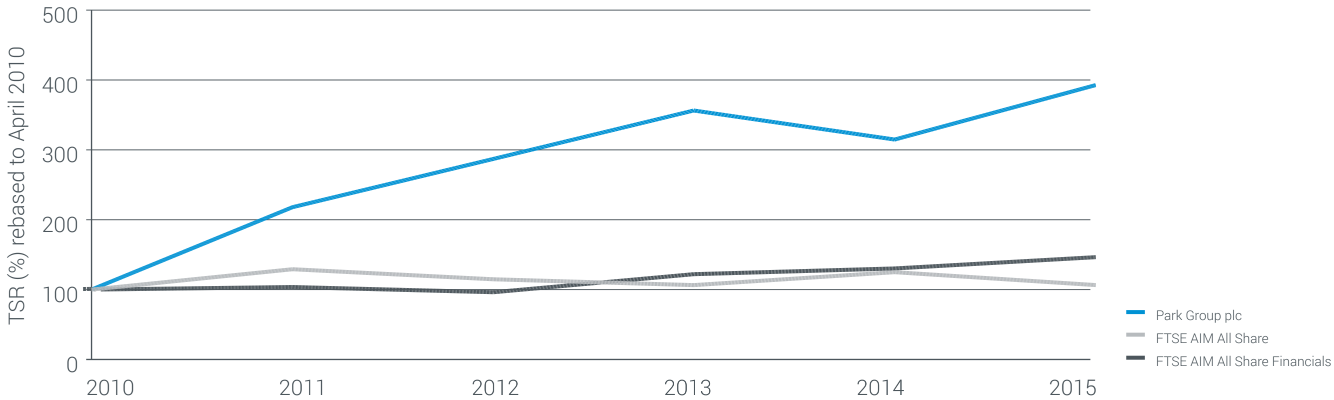
Non-executive directors

The independent non-executive directors receive fees as directors which are determined by the whole board, each director abstaining from decisions affecting their own remuneration.

Remuneration report *continued*

Total shareholder return (TSR)

The following graph charts the total cumulative shareholder return of the company since 1 April 2010, compared with the AIM all share index and the all shares financials index. The company feels that these are the most appropriate indices to use as the first shows a broad average equity share performance and the second shows the share performance for the industry sector in which the company operates.



Audited information

Directors' emoluments

The emoluments of directors for the year ended 31 March 2015 were:

	Salary or fees £'000	Performance related payments £'000	Benefits £'000	Total 2015 £'000	Total 2014 £'000	Pension costs 2015 £'000	Pension costs 2014 £'000
Executive							
C Houghton	220	135	69	**424**	284	**–**	–
M R Stewart	182	113	18	**313**	195	**40**	46
G A Woods	182	113	60	**355**	195	**–**	43
	584	361	147	**1,092**	674	**40**	89
Non-executive							
P R Johnson	61	–	3	**64**	63	**–**	–
C J Baker	–	–	–	**–**	48[1]	**–**	–
R G Marcall	–	–	–	**–**	48[1]	**–**	–
J Dembitz	49	–	–	**49**	48	**–**	–
L Carstensen	42	–	–	**42**	21[2]	**–**	–
M de Kare-Silver	42	–	–	**42**	21[2]	**–**	–
	194	–	3	**197**	249	**–**	–
	778	361	150	**1,289**	923	**40**	89

1 C J Baker and R G Marcall retired from office on 23 September 2013 and each were awarded a discretionary payment equivalent to 6 months service.
2 L Carstensen and M de Kare-Silver were appointed as non-executive directors on 23 September 2013.

Directors' share interests

The beneficial interests in the share capital of the company of the directors in office at 31 March 2015 and connected persons were as follows:

	Beneficial shareholding 31 March 2015	Beneficial shareholding 31 March 2014
P R Johnson	**45,546,066**	50,721,066
C Houghton	**1,154,712**	1,154,712
M R Stewart	**862,363**	862,363
G A Woods	**877,857**	877,857
J Dembitz	**100,000**	100,000
L Carstensen	**8,810**	9,000
M de Kare-Silver	**5,000**	5,000

Directors' LTIPs

The individual interests for the executive directors which represent the maximum aggregate number of shares to which each individual could become entitled are as follows:

	LTIP – provisional share awards				
	31 March 2015	Granted in the year	Expired in the year	31 March 2014	Year[5] exercisable
C Houghton	**–**	–	(298,570)	298,570	2014[1]
	325,591	–	–	325,591	2015[2]
	280,067	–	–	280,067	2016[3]
	418,235	418,235	–	–	2017[4]
M R Stewart	**–**	–	(245,973)	245,973	2014[1]
	268,233	–	–	268,233	2015[2]
	230,712	–	–	230,712	2016[3]
	344,532	344,532	–	–	2017[4]
G A Woods	**–**	–	(245,973)	245,973	2014[1]
	268,233	–	–	268,233	2015[2]
	230,712	–	–	230,712	2016[3]
	344,532	344,532	–	–	2017[4]

1 subject to performance criteria as set out in LTIP plan dated 21 July 2011.
2 subject to performance criteria as set out in LTIP plan dated 19 July 2012.
3 subject to performance criteria as set out in LTIP plan dated 18 July 2013.
4 subject to performance criteria as set out in LTIP plan dated 5 February 2015.
5 awards are exercisable after 10 consecutive dealing days commencing on the date of the announcement by the group of its results in each year.

There were no changes to directors' interests in shares between 31 March 2015 and the date of this report.

On behalf of the board

M de Kare-Silver
Chairman of the Remuneration Committee
Birkenhead
9 June 2015

Independent auditor's report
To the members of Park Group plc

We have audited the financial statements of Park Group plc for the year ended 31 March 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group and Company Statements of Cash Flows and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 24, 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.

The Company has also instructed us to audit the section of the Directors' Remuneration Report that has been described as audited and state whether it has been properly prepared in accordance with the basis of preparation described therein.

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 group's and the parent 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 annual 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 group's and of the parent company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on other matter

In our opinion the part of the directors' remuneration report that has been described as audited has been properly prepared in accordance with the basis of preparation described therein.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Gary Harding (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Liverpool
9 June 2015

Consolidated income statement
For the year to 31 March 2015

	Notes	2015 £'000	2014 £'000
Billings		**372,887**	336,040
Revenue	1	**293,329**	269,563
Cost of sales		**(265,966)**	(245,928)
Gross profit		**27,363**	23,635
Distribution costs		**(2,761)**	(2,521)
Administrative expenses		**(14,914)**	(13,286)
Operating profit		**9,688**	7,828
Finance income	3	**1,246**	1,578
Finance costs	3	**(1)**	(2)
Profit before taxation	1,2	**10,933**	9,404
Taxation	4	**(2,434)**	(2,124)
Profit for the year		**8,499**	7,280
Attributable to:			
Equity holders of the parent		**8,499**	7,409
Non-controlling interests		**–**	(129)
		8,499	7,280
Earnings per share	5		
–basic		**4.66p**	4.16p
–diluted		**4.60p**	4.14p

All activities derive from continuing operations.

Consolidated statement of comprehensive income
For the year to 31 March 2015

	2015 £'000	2014 £'000
Profit for the year	**8,499**	7,280
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit pension schemes	**(731)**	(1,585)
Deferred tax on defined benefit pension schemes	**146**	317
	(585)	(1,268)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences	**17**	36
Other comprehensive income for the year net of tax	**(568)**	(1,232)
Total comprehensive income for the year	**7,931**	6,048
Attributable to:		
Equity holders of the parent	**7,931**	6,177
Non-controlling interests	**–**	(129)
	7,931	6,048

Statements of financial position
As at 31 March 2015

	Notes	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Assets					
Non-current assets					
Goodwill	6	**1,320**	1,320	**–**	–
Other intangible assets	7	**3,168**	3,790	**82**	109
Investments	8	**8**	8	**7,972**	7,972
Investment property	9	**–**	193	**–**	–
Property, plant and equipment	10	**8,143**	8,433	**673**	779
Deferred tax assets	11	**–**	–	**–**	94
Retirement benefit asset	20	**1,293**	–	**1,293**	126
		13,932	13,744	**10,020**	9,080
Current assets					
Inventories	12	**3,186**	1,557	**–**	–
Trade and other receivables	13	**11,212**	10,071	**6,624**	7,277
Tax receivable		**–**	–	**411**	63
Other financial assets	14	**500**	500	**–**	–
Monies held in trust	15	**65,728**	57,514	**–**	–
Cash and cash equivalents	16	**26,333**	14,842	**25,447**	15,820
Assets held for sale	17	**39**	–	**–**	–
		106,998	84,484	**32,482**	23,160
Total assets		**120,930**	98,228	**42,502**	32,240
Liabilities					
Current liabilities					
Trade and other payables	18	**(73,569)**	(62,355)	**(26,471)**	(16,570)
Tax payable		**(1,435)**	(1,259)	**–**	–
Provisions	19	**(43,186)**	(37,234)	**(80)**	(53)
		(118,190)	(100,848)	**(26,551)**	(16,623)
Non-current liabilities					
Deferred tax liability	11	**(273)**	(294)	**(159)**	–
Retirement benefit obligation	20	**(2,634)**	(1,221)	**–**	–
		(2,907)	(1,515)	**(159)**	–
Total liabilities		**(121,097)**	(102,363)	**(26,710)**	(16,623)
Net (liabilities)/assets		**(167)**	(4,135)	**15,792**	15,617
Equity attributable to equity holders of the parent					
Share capital	22a	**3,650**	3,650	**3,650**	3,650
Share premium		**6,132**	6,132	**6,132**	6,132
Retained earnings		**(9,638)**	(13,606)	**6,010**	5,835
Other reserves		**(311)**	–	**–**	–
Non-controlling interests		**–**	(311)	**–**	–
Total equity		**(167)**	(4,135)	**15,792**	15,617

Approved by the board of directors and signed on its behalf on 9 June 2015.

C Houghton
Chief Executive Officer

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total parent equity £'000	Non-controlling interests £'000	Total equity £'000
Balance at 1 April 2014	3,650	6,132	–	(13,606)	(3,824)	(311)	(4,135)
Total comprehensive income for the year							
Profit	–	–	–	8,499	8,499	–	8,499
Other comprehensive income							
Remeasurement of defined benefit pension schemes	–	–	–	(731)	(731)	–	(731)
Tax on defined benefit pension schemes	–	–	–	146	146	–	146
Foreign exchange translation adjustments	–	–	–	17	17	–	17
Total other comprehensive income	–	–	–	(568)	(568)	–	(568)
Total comprehensive income for the year	–	–	–	7,931	7,931	–	7,931
Transactions with owners, recorded directly in equity							
Equity settled share-based payment transactions	–	–	–	235	235	–	235
Purchase of non-controlling interest (note 8)	–	–	(311)	–	(311)	311	–
Dividends	–	–	–	(4,198)	(4,198)	–	(4,198)
Total contributions by and distribution to owners	–	–	(311)	(3,963)	(4,274)	311	(3,963)
Balance at 31 March 2015	**3,650**	**6,132**	**(311)**	**(9,638)**	**(167)**	**–**	**(167)**
Balance at 1 April 2013	3,387	1,638	–	(16,171)	(11,146)	(182)	(11,328)
Total comprehensive income for the year							
Profit	–	–	–	7,409	7,409	(129)	7,280
Other comprehensive income							
Remeasurement of defined benefit pension schemes	–	–	–	(1,585)	(1,585)	–	(1,585)
Tax on defined benefit pension schemes	–	–	–	317	317	–	317
Foreign exchange translation adjustments	–	–	–	36	36	–	36
Total other comprehensive income	–	–	–	(1,232)	(1,232)	–	(1,232)
Total comprehensive income for the year	–	–	–	6,177	6,177	(129)	6,048
Transactions with owners, recorded directly in equity							
Equity settled share-based payment transactions	–	–	–	149	149	–	149
Issue of shares	168	4,242	–	–	4,410	–	4,410
Issue costs of shares	–	(187)	–	–	(187)	–	(187)
Exercise of share options	38	439	–	–	477	–	477
LTIP shares awarded	57	–	–	(57)	–	–	–
Dividends	–	–	–	(3,704)	(3,704)	–	(3,704)
Total contributions by and distribution to owners	263	4,494	–	(3,612)	1,145	–	1,145
Balance at 31 March 2014	3,650	6,132	–	(13,606)	(3,824)	(311)	(4,135)

Company statement of changes in equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total parent equity £'000
Balance at 1 April 2014	3,650	6,132	5,835	15,617
Total comprehensive income for the year				
Profit	–	–	3,216	3,216
Other comprehensive income				
Remeasurement of defined benefit pension scheme	–	–	1,152	1,152
Tax on defined benefit pension scheme	–	–	(230)	(230)
Total other comprehensive income	–	–	922	922
Total comprehensive income for the year	–	–	4,138	4,138
Transactions with owners, recorded directly in equity				
Equity settled share-based payment transactions	–	–	235	235
Dividends	–	–	(4,198)	(4,198)
Total contributions by and distribution to owners	–	–	(3,963)	(3,963)
Balance at 31 March 2015	**3,650**	**6,132**	**6,010**	**15,792**
Balance at 1 April 2013	3,387	1,638	2,425	7,450
Prior period adjustment	–	–	426	426
Balance at 1 April 2013 as restated	3,387	1,638	2,851	7,876
Total comprehensive income for the year				
Profit	–	–	6,723	6,723
Other comprehensive income				
Remeasurement of defined benefit pension scheme	–	–	(159)	(159)
Tax on defined benefit pension scheme	–	–	32	32
Total other comprehensive income	–	–	(127)	(127)
Total comprehensive income for the year	–	–	6,596	6,596
Transactions with owners, recorded directly in equity				
Equity settled share-based payment transactions	–	–	149	149
Issue of shares	168	4,242	–	4,410
Issue costs of shares	–	(187)	–	(187)
Exercise of share options	38	439	–	477
LTIP shares awarded	57	–	(57)	–
Dividends	–	–	(3,704)	(3,704)
Total contributions by and distribution to owners	263	4,494	(3,612)	1,145
Balance at 31 March 2014	3,650	6,132	5,835	15,617

Statements of cash flows

For the year to 31 March 2015

		Group		Company	
	Notes	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Cash flows from operating activities					
Cash generated from/(used in) operations	24	**14,106**	4,092	**9,030**	(3,108)
Interest received		**1,177**	1,950	**152**	112
Interest paid		**(1)**	(2)	**(1)**	(2)
Tax paid		**(2,132)**	(2,079)	**(2,132)**	(2,079)
Net cash generated from/(used in) operating activities		**13,150**	3,961	**7,049**	(5,077)
Cash flows from investing activities					
Receipt of deferred consideration arising from assets previously held for sale		**–**	52	**–**	–
Sale of investment property		**41**	–	**–**	–
Dividends received from group companies		**–**	–	**7,000**	10,000
Purchase of intangible assets		**(212)**	(591)	**(25)**	–
Purchase of property, plant and equipment		**(385)**	(386)	**(199)**	(222)
Net cash (used in)/generated from investing activities		**(556)**	(925)	**6,776**	9,778
Cash flows from financing activities					
Net proceeds from share placement		**–**	4,223	**–**	4,223
Proceeds of exercise of share options		**–**	477	**–**	477
Dividends paid to shareholders		**(4,198)**	(3,704)	**(4,198)**	(3,704)
Net cash (used in)/generated from financing activities		**(4,198)**	996	**(4,198)**	996
Net increase in cash and cash equivalents		**8,396**	4,032	**9,627**	5,697
Cash and cash equivalents at beginning of period		**14,842**	10,810	**15,820**	10,123
Cash and cash equivalents at end of period		**23,238**	14,842	**25,447**	15,820
Cash and cash equivalents comprise:					
Cash	16	**26,333**	14,842	**25,447**	15,820
Bank overdrafts	18	**(3,095)**	–	**–**	–
		23,238	14,842	**25,447**	15,820

Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with IFRSs as adopted by the EU including International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Park Group plc is incorporated and domiciled in the United Kingdom. The financial statements have been prepared under the historical cost convention, as modified by the accounting for financial instruments at fair value where required by IAS 39 Financial Instruments: Recognition and Measurement. The group and company financial statements are presented in sterling and all values are rounded to the nearest thousand (£'000) except where otherwise stated.

The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and by all group entities.

Going concern
The group's business activities, together with factors likely to affect its future development, performance and position, are set out on pages 10 to 13 of the strategic report. The financial position of the group, its cash flows, liquidity and solvency position and financial risks are described on pages 14 to 17 of the strategic report. In addition notes 28, 14, 15 and 16 of the consolidated financial statements include the group's objectives, policies and processes for financial risk management, details of monies held in trust, deposits and cash and cash equivalents.

The group's forecasts and projections, taking into account reasonably possible changes in trading performance and customer behaviour, show that the group has sufficient financial resources to fund the business for the foreseeable future despite the group's net liabilities and net current liabilities. Funds are available for working capital purposes as permitted under the terms of the PPPT. The group's working capital requirements are dependent upon a continuing level of prepaid sales to corporate customers and, at certain times during the year, amounts are available to be drawn from the PPPT to meet its working capital requirements (under the terms set out in note 15). The group's positive cash flow from its ongoing customer base, together with the capability to drawdown funds from the PPPT at certain times of the year, enables it to operate without reliance on any external funding. The group continues to trade profitably and early indications for growth in the current year are positive. Accordingly, the directors continue to adopt the going concern basis in preparing the consolidated financial statements.

Changes to International Financial Reporting Standards
Interpretations and standards which became effective during the year
The following accounting standards and interpretations, that are relevant to the group, became effective during the period:

IFRS 10, IFRS 12 & IAS 27	Investment Entities (amendment)
IAS 32	Offsetting Financial Assets and Financial Liabilities (amendment)
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (amendment)
IFRIC 21	Levies

Adoption of these amendments and interpretations to standards has not had a material impact upon the group's financial performance or position.

Interpretations and standards which have been issued and are not yet effective
The following standards have been adopted by the EU but are not yet effective for the year ended 31 March 2015 and have not been applied in preparing the financial statements. Those standards that have relevance to the group are mentioned below:

		Effective from:
IAS 19	Defined Benefit Plans: Employee Contributions (amendment)	1 Jul 2014
IAS 16 & IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (amendment)	1 Jan 2016
IAS 27	Equity Method in Separate Financial Statements (amendment)	1 Jan 2016
IAS 1	Disclosure Initiative (amendment)	1 Jan 2016
IFRS 10, IFRS 12 & IAS 28	Investment Entities: Applying the Consolidation Exception (amendment)	1 Jan 2016
IFRS 9	Financial Instruments	1 Jan 2018

The directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements when the relevant standards and interpretations come into effect.

IFRS 15 Revenue from Contracts with Customers was released on 28 May 2014. The board of directors is currently considering the impact of this standard on the group's financial statements including the timing of revenue recognition, income in respect of vouchers and balances on cards which will never be spent and whether revenue should be presented on a gross or net basis in respect of certain revenue streams.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries made up to 31 March each year.

Subsidiaries are entities controlled by the group. Control is achieved when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of a subsidiary undertaking are included in the consolidated financial statements from the date that control commences until the date that control ceases. All subsidiaries share the same reporting date and are based on consistent accounting policies. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances, and any unrealised gains or losses or income and expenses arising from intra-group transactions, are eliminated on consolidation.

As permitted by section 408 of the Companies Act 2006, the income statement of the parent company has not been separately presented. The profit of the parent company is shown in its statement of changes in equity.

Business combinations

A business combination is recognised where separate entities or businesses have been acquired by the group.

The purchase method of accounting is used to account for the business combinations made by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the group's share of the identifiable net assets of the subsidiary acquired, the difference is taken immediately to the income statement.

Segmental reporting

An operating segment is a distinguishable component of an entity about which separate financial information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance. Provided certain quantitative and qualitative criteria are fulfilled, IFRS 8 Operating Segments permits the aggregation of those components into reportable segments for the purposes of disclosure in the group's financial statements. In assessing the group's reportable segments, the directors have had regard to the nature of the products offered and the client bases amongst other factors. The operating segments as set out in note 1 are consistent with the internal reporting provided to the chief operating decision maker. For the purposes of IFRS 8 the chief operating decision maker has been identified as the executive management board.

The group operates in one geographical segment, being the UK. The group operations in the Eurozone are immaterial to the results and assets of the group in the year ended 31 March 2015.

Restatement of prior year figures

Following the transfer of our online business, highstreetvouchers.com (HSV.com) from our consumer business to our corporate business at the beginning of the period, prior year segmental figures for billings, revenue and profit have been restated. External revenue of £17,027,000, profit of £815,000 and debtors of £2,502,000 have moved between the segments. Full details are given in note 29.

Income recognition

Vouchers and other goods – revenue is based on values invoiced to external customers for goods and services and is recorded net of VAT, rebates and discounts after eliminating intra-group sales and includes an estimate of the value of vouchers that will never be spent. Revenue is recognised when the significant risk and rewards have passed to the customer. This is usually the date on which vouchers and other goods are received by customers. This is normally shortly after despatch. At the point of revenue recognition, a provision is made for the redemption liability arising.

flexecash® cards – revenue is the fees charged to cardholders and service fees receivable from retailers/redemption partners. Where the cardholder has the right of redemption, revenue is recognised when amounts are deducted from values held on cards, ie when cards are redeemed at retailers/redemption partners or when charges are levied. Where there is no right of redemption for cash, revenue also includes an estimate of projected balances remaining on the card at expiry. Revenue is recorded net of VAT, rebates and discounts.

Billings

Billings represents the value of vouchers, flexecash® cards and other goods and services shipped and invoiced to customers during the year and are recorded net of VAT, rebates and discounts.

Finance income and costs

Finance income comprises the returns generated on cash and cash equivalents, other financial assets and monies held in trust and is recognised as it accrues. Finance costs comprise the interest on external borrowings and are recognised as they accrue.

Accounting policies *continued*

Goodwill
Goodwill arising on acquisition represents the difference between the consideration and the fair value of net assets acquired. Goodwill is not amortised, but is reviewed annually for impairment and whenever events or changes in circumstances indicate that the carrying value of the goodwill may not be recoverable. Goodwill is carried in the statement of financial position as deemed cost at 1 April 2004, the date of transition to IFRS for the group, less accumulated impairment losses.

Impairment of property, plant and equipment and intangibles
At each reporting date the group reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Intangible assets with indefinite lives, such as goodwill, are tested annually for impairment. All other assets subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised to the extent that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is calculated using cash flows derived from budgets and projections approved by the board which are discounted at the group's risk adjusted weighted cost of capital calculated from equity market data and borrowing rates.

Testing is performed at the level of a cash generating unit (CGU) in order to compare the CGUs recoverable amount against its carrying value. Goodwill and intangible assets, ie customer lists, are allocated to CGUs based on past acquisitions of Christmas savings club brands and customer lists. Whilst these are not operating segments, as management do not manage and review the business at this level, information is available to enable the assets to be tested for impairment at this level.

Any impairment is recognised immediately through the income statement. Impairment losses are reversed if there is evidence of an increase in the recoverable amount of a previously impaired asset, but only to the extent that the recoverable amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. Impairments in respect of goodwill are not subsequently reversed.

Other intangible assets
Purchased software
Acquired software licences are capitalised at cost and are amortised on a straight-line basis over their anticipated useful life, which is 3–5 years.

Software development
Costs that are directly associated with the creation of identifiable software, which meet the development asset recognition criteria as laid out in IAS 38 Intangible Assets, are recognised as intangible assets. Direct costs include the employment costs of staff directly involved in specific software development projects and external consultancy fees.

All other software development and maintenance costs are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised over their anticipated useful lives of between 3 and 10 years on a systematic straight-line basis.

Customer lists
Customer lists acquired are included at cost less accumulated amortisation and impairment. They are amortised over their useful life of up to 10 years based on the pattern of forecast cash flows to be generated.

Investments
Investments are stated at cost less any provision for impairment in their value. Impairment is calculated based on lower of cost or recoverable amount, determined with reference to market value wherever possible or discounted cash flows.

Investment property
Properties are classified as investment properties where they are held by the group to earn rentals or for capital appreciation. Investment properties are carried at cost and are depreciated through the income statement over 50 years on a straight-line basis so as to spread the difference between the cost and residual value over the anticipated useful life of properties. The properties' residual values are reviewed, and adjusted if appropriate, at each year end. A property's carrying amount is written down immediately to its recoverable amount if its carrying value is greater than its recoverable amount.

Property, plant and equipment
Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost represents expenditure that is directly attributable to the purchase of the asset. At the date of transition to IFRS on 1 April 2004, land and buildings previously held at cost under UK GAAP less accumulated depreciation were revalued and the fair values derived have been taken as their deemed cost as at that date in accordance with the exemption available under IFRS 1 First time Adoption of International Financial Reporting Standards. The parent company's date of transition to IFRS was 1 April 2006, however it did not revalue its land and buildings at that date.

Property, plant and equipment *continued*

Depreciation is charged on a straight-line basis, so as to write off the costs of assets less their residual values over their estimated useful lives, on the following basis:

Freehold land	Nil
Freehold buildings	2–2.5 per cent
Short leasehold	over unexpired term of lease
Fixtures and equipment	10–20 per cent
Motor vehicles	25 per cent

The assets' estimated useful lives, depreciation rates and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying value is written down immediately to its recoverable amount if its carrying value is greater than its recoverable amount.

The gain or loss arising on disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the 'first in first out' method and is based on purchase price. Finished goods and work in progress includes attributable production overheads. Net realisable value is based on estimated selling price in the ordinary course of the business less cost of disposal having regard to the age, saleability and condition of the inventory.

Assets held for sale

The group classifies assets as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use. The condition is met when the sale is highly probable, the asset is available for immediate sale in its present condition and is being actively marketed. In addition, the group must be committed to the sale and completion should be expected to occur within one year from the date of classification. Assets held for sale are valued at the lower of carrying value and fair value less costs to sell, and are no longer depreciated.

Financial instruments

Financial assets and liabilities are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The group's loans and receivables comprise trade receivables, other receivables, cash and cash equivalents and monies held in trust. Loans and receivables are carried at amortised cost using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Non-derivative financial liabilities are classified as other financial liabilities. The group's other financial liabilities comprise borrowings, trade and other payables. Other financial liabilities are carried at amortised cost using the effective interest method. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Trade and other receivables

Trade and other receivables are recognised initially at the fair value of the amount receivable and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment is established when there is objective evidence that there is a difference between the carrying value and the recoverable amount.

Monies held in trust

On 13 August 2007 a declaration of trust constituted the PPPT to hold agents' prepayments. Park Prepayments Trustee Company Limited, as trustee of the trust, holds this money on behalf of agents. The conditions of the release of this money to the group are detailed in the trust deed, which is available at www.getpark.co.uk.

On 16 February 2010 a declaration of trust constituted the PCSET to hold the E money float in accordance with regulatory requirements. The E money float represents the value of the obligations of the company to card holders and redeemers. The liability in respect of deposits received on flexecash® cards is held within trade payables and provisions.

Monies held under the declaration of trust with the PPPT and the PCSET on behalf of customers, card holders and redeemers is recognised on the statement of financial position as the group has access to the interest on these monies and can, having met certain conditions, withdraw the funds. However, given the restrictions over these monies, the amounts held in trust are not included in cash and cash equivalents for the purposes of the statement of cash flows.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held with banks with original maturities of three months or less, however, the deposits can be accessed immediately if required. It is therefore considered appropriate that these deposits be classed as cash and cash equivalents. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. Cash balances and overdrafts are offset where the group has the ability and intention to settle these balances on a net basis. For cash flow purposes, bank overdrafts are shown within cash and cash equivalents.

Accounting policies *continued*

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method. The unspent balances on flexecash® cards where the cardholder has the right of redemption for cash are accounted for as a financial liability as required under IAS39, and are reported separately under trade and other payables.

Provisions

Unredeemed vouchers and cards

Unredeemed vouchers and unspent balances on flexecash® cards where the cardholder does not have the right of redemption for cash (corporate gifted cards), are included at their fair value at the date of initial recognition. This comprises the anticipated amounts payable to retailers on redemption, after applying an appropriate discount rate to take into account the expected timing of payments. Anticipated payments to retailers are assessed by reference to historical data as to voucher and card redemption rates and timings. The key estimates used in deriving the provision include the future service fees paid by retailers, interest rates used for discounting and the timing and amount of the future redemption of vouchers and cards. The future cash payments are discounted as required under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as the amounts are considered to be material.

Payment protection insurance

An amount is provided to cover existing and future potential settlements in relation to claims made in respect of mis-selling this insurance. These policies were sold as part of the closed loan broking business. The future cash payments are not discounted as required under IAS 37 as the amounts are not considered to be material.

Employee benefits

Retirement benefit obligation

The group has both defined benefit and defined contribution pension plans. The assets of the defined benefit pension plans are held in separate trustee administered funds.

Defined benefit plan

The present value of the defined benefit obligation less the fair value of the plan assets is recognised in the statement of financial position as the retirement benefit obligation.

Regular valuations are prepared by independent professionally qualified actuaries on the projected unit credit method. The valuations are carried out every three years and updated on a half yearly basis for accounting purposes. These determine the level of contribution required to fund the benefits set out in the rules of the plans and allow for the periodic increase of pensions in payment.

The schemes are closed to future accrual for years' service but pensions are still dependent on actual final salaries. Consequently the group may have an amendment in future where salary rises differ from those projected. For any related plan amendment, these are recognised immediately in other comprehensive income in the SOCI.

Remeasurements comprise actuarial gains and losses on the obligations and the return on scheme assets (excluding interest). They are recognised immediately in other comprehensive income in the SOCI. Net interest cost is calculated by applying the discount rate on liabilities to the net pension liability or asset (adjusted for cash flows over the accounting period) and is recognised within administrative expenses.

Defined contribution plans

For defined contribution plans, the group pays contributions to privately administered pension plans on a contractual basis. The contributions are recognised as an employee benefit expense as they fall due.

Holiday pay

Provision is made for any holiday pay accrued by employees to the extent that the holiday entitlements accrued have not been taken at the period end.

Share-based payments

The group operates a number of equity settled share-based payment plans.

An expense is recognised in respect of the fair value of the share options at the date of grant. This is calculated using the binomial method. A corresponding amount is recorded as an increase in equity. This expense is spread on a straight-line basis over any relevant vesting period and is adjusted on a prospective basis at each period end for any changes in assumptions or estimates that relate to non-market conditions, taking into account the conditions existing at each year end.

Own shares

The group has an employee benefit trust used for the granting of shares to executives and certain employees. Own shares held are recognised at cost as a deduction from shareholder's equity. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sales proceeds and original cost being taken to equity.

Leases

Operating lease rentals are charged to the income statement on a straight-line basis over the period of the lease.

Foreign currency

Transactions in foreign currencies are recorded at the rates of exchange at the date the transactions occur. Monetary assets and liabilities are restated at the prevailing exchange rate at each year end. Differences arising on restatement are included in the income statement for the year.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Current tax is the expected tax payable on the taxable result for the year using tax rules enacted or substantively enacted at the year end, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Dividends

In accordance with IAS 10 Events After the Balance Sheet Date, dividends are recognised in the financial statements in the period in which they are approved by shareholders in the case of the final dividends and when paid in the case of the interim dividends.

Key judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. In applying the accounting policies set out above, the group make significant estimates and judgements that affect the reported amounts of assets and liabilities as follows:

Income taxes (£0.27m deferred tax liability, current tax liability £1.43m)

The tax treatment of certain items cannot be determined precisely until tax audits or enquiries have been completed by the tax authorities, which in some instances can be some years after the item has been first reflected in the financial statements. The group recognises assets/liabilities for anticipated tax audits and enquiry issues based on an assessment of whether such assets/liabilities are likely to arise. If the outcome of such audits is that a final asset/liability is different to the amount originally estimated, such differences will be recognised in the period in which the audit or enquiry is determined. Any differences may necessitate a material adjustment to the level of tax assets held in the statement of financial position.

Provisions (£43.19m unredeemed vouchers and corporate gifted cards)

Unredeemed vouchers and cards

A provision is made in respect of unredeemed vouchers and cards of £43.19m. The provision is calculated by estimating anticipated amounts payable to retailers on redemption and the expected timing of payments. Historical data over a number of years and current trends are regularly reviewed and are used to prepare the estimates detailed above. Any differences to the above estimates may necessitate a material adjustment to the level of the provision held in the statement of financial position. Management have considered the sensitivities of the key estimates and do not foresee that any likely change in these estimates will have a material impact on the size of the provision.

Short term variations in the redemption profile would not be reflected in the provision until further evidence was obtained that the changes in consumer behaviour were sustained in the long term. Consequently the provision for redemption is not sensitive to such variations.

Goodwill (£1.32m) and other intangible assets (£3.17m)

Goodwill arising on acquisition represents the difference between the consideration and the fair value of net assets acquired. Goodwill is not amortised, but is reviewed annually for impairment and whenever events or changes in circumstances indicate that the carrying value of the goodwill may not be receivable. The impairment review relies on a number of assumptions (see note 6 for details). Any differences to the assumptions made may necessitate a material adjustment to the level of goodwill held in the statement of financial position.

Within other intangible assets are agency customer lists of £0.28m. These customer lists are amortised over their useful life of up to 10 years based on the pattern of forecast cash flows expected to be generated. These cash flows are reviewed on an annual basis and where necessary an appropriate provision for impairment is made. The impairment review relies on a number of assumptions which include both estimates and judgements.

Pensions (£1.29m surplus, £2.63m deficit)

The valuation of the pension surplus and deficit uses actuarial valuations and assumptions regarding discount rate, future salary increases, future pension increases and mortality rates. Any differences to the assumptions made may necessitate a material adjustment to the pension surplus and deficit in the statement of financial position.

Notes to the accounts

1 Segmental reporting

Details of operating segments can be found on page 14 of the financial review.

All other segments are those items relating to the corporate activities of the group which it is felt cannot be reasonably allocated to either business segment.

The amount included within the elimination column reflects vouchers sold by the corporate segment to the consumer segment. They have been included in elimination so as to show the total revenue for both segments.

Consumer and corporate segment figures for billings, revenue, profit and assets have been adjusted in the prior year to reflect the movement of our online business, highstreetvouchers.com (HSV.com), from our consumer segment to our corporate segment. Full details are given in note 29.

2015	Consumer £'000	Corporate £'000	All other segments £'000	Elimination £'000	Group £'000
Billings					
External billings	**196,796**	**176,091**	**–**	**–**	**372,887**
Inter-segment billings	**–**	**135,667**	**–**	**(135,667)**	**–**
Total billings	**196,796**	**311,758**	**–**	**(135,667)**	**372,887**
Revenue					
External revenue	**164,682**	**128,647**	**–**	**–**	**293,329**
Inter-segment revenue	**–**	**135,667**	**–**	**(135,667)**	**–**
Total revenue	**164,682**	**264,314**	**–**	**(135,667)**	**293,329**
Results					
Segment operating profit/(loss)	**5,933**	**6,465**	**(2,710)**		**9,688**
Finance income					**1,246**
Finance costs					**(1)**
Profit before taxation					**10,933**
Taxation					**(2,434)**
Profit					**8,499**

All other segments loss comprises primarily of staff costs and professional fees.

	Consumer £'000	Corporate £'000	All other segments £'000	Group £'000
Segment assets	**66,361**	**25,579**	**28,990**	**120,930**
Segment liabilities	**59,674**	**57,004**	**4,419**	**121,097**
Other segment items				
Capital expenditure	**198**	**187**	**–**	**385**
Depreciation	**410**	**269**	**–**	**679**
Impairment of investment property	**53**	**42**	**–**	**95**
Impairment of assets held for sale	**8**	**6**	**–**	**14**
Other intangible asset additions	**25**	**187**	**–**	**212**
Amortisation of other intangible assets	**379**	**439**	**–**	**818**
Impairment of other intangible assets	**–**	**16**	**–**	**16**

All other segment assets comprise primarily of cash and cash equivalents and trade and other receivables. All other segments liabilities comprise primarily of bank overdraft and trade and other payables.

1 Segmental reporting *continued*

2014	Restated consumer £'000	Restated corporate £'000	All other segments £'000	Elimination £'000	Group £'000
Billings					
External billings	181,532	154,508	–	–	336,040
Inter-segment billings	–	133,216	–	(133,216)	–
Total billings	181,532	287,724	–	(133,216)	336,040
Revenue					
External revenue	161,356	108,207	–	–	269,563
Inter-segment revenue	–	133,216	–	(133,216)	–
Total revenue	161,356	241,423	–	(133,216)	269,563
Results					
Segment operating profit/(loss)	5,352	4,874	(2,398)		7,828
Finance income					1,578
Finance costs					(2)
Profit before taxation					9,404
Taxation					(2,124)
Profit					7,280

All other segments loss comprises primarily of staff costs and professional fees.

	Restated consumer £'000	Restated corporate £'000	All other segments £'000	Group £'000
Segment assets	59,177	22,432	16,619	98,228
Segment liabilities	52,327	49,328	708	102,363
Other segment items				
Capital expenditure	233	153	–	386
Depreciation	448	213	–	661
Impairment of investment property	35	17	–	52
Impairment of goodwill	44	–	–	44
Other intangible asset additions	98	493	–	591
Amortisation of other intangible assets	394	387	–	781
Impairment of intangible assets	110	–	–	110

All other segment assets comprise primarily of cash and cash equivalents and trade and other receivables. All other segments liabilities comprise primarily of trade and other payables and retirement benefit obligation.

The group operates in only one geographical segment, being the UK. The group's operations in the Eurozone were immaterial to the results and assets of the group for the year ended 31 March 2015.

Notes to the accounts *continued*

2 Profit before taxation

The following items have been included in arriving at profit before taxation:

	2015 £'000	2014 £'000
Staff costs	**12,313**	10,695
Cost of inventories recognised as an expense (included in cost of sales)	**41,443**	32,044
Write (back)/down of inventories recognised as an (income)/expense (included in cost of sales)	**(13)**	33
Depreciation of property, plant and equipment and investment property	**679**	661
Impairment of investment property	**95**	52
Amortisation of other intangibles	**818**	781
Impairment of other intangibles	**16**	110
Impairment loss on goodwill	**–**	44
Impairment of assets held for sale	**14**	–
Other operating leases payable:		
–plant and machinery	**38**	38
–property	**37**	37
Repairs and maintenance on property, plant and equipment	**474**	485

Services provided by the group's auditor

During the year the group obtained the following services from the group's auditor at costs as detailed below:

	2015 £'000	2014 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	**38**	35
Fees payable to the company's auditor and its associates for other services:		
–audit of subsidiaries and associates pursuant to legislation	**61**	59
–other services pursuant to legislation	**11**	10
–other services	**2**	23
	112	127

Fees paid for non-audit services to the company itself are not disclosed in the individual accounts of Park Group plc because the company's consolidated accounts are required to disclose such fees on a consolidated basis.

3 Finance income and costs

	2015 £'000	2014 £'000
Finance income:		
Bank interest receivable	**1,245**	1,578
Other interest receivable	**1**	–
	1,246	1,578
Finance costs:		
Bank interest payable	**–**	1
Other interest payable	**1**	1
	1	2

4 Taxation

	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Analysis of income statement charge in period				
Current tax	**2,270**		2,127	
Adjustments to current tax in respect of prior periods	**39**		(69)	
		2,309		2,058
Deferred tax	**109**		67	
Adjustments to deferred tax in respect of prior periods	**16**		(1)	
		125		66
Taxation		**2,434**		2,124
Tax (credited)/charged directly to other comprehensive income				
Deferred tax on actuarial losses on defined benefit pension plans		**(146)**		(317)
Tax charged/(credited) directly to equity				
Corporation tax on share options		**–**		(395)
Deferred tax on share options		**–**		462
		–		67

The tax for the period is higher (2014 – lower) than the standard rate of corporation tax in the UK of 21 per cent (2014 – 23 per cent). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	**10,933**	9,404
Expected tax charge at 21 per cent (2014 – 23 per cent)	**2,296**	2,163
Effects of:		
Adjustments to tax in respect of prior periods	**55**	(70)
Expenses not deductible for tax purposes	**56**	48
Share based payment relief	**32**	42
Effect of rate change on current year deferred tax	**(5)**	(92)
Deferred tax asset not recognised on losses of non-controlling interests	**–**	33
Total taxation	**2,434**	2,124

Notes to the accounts *continued*

5 Earnings per share

Basic eps is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted eps, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

The calculation of basic and diluted eps is based on the following figures:

	2015 £'000	2014 £'000
Earnings		
Total earnings for year	**8,499**	7,409

	2015	2014
Weighted average number of shares		
Basic eps – weighted average number of shares	**182,501,219**	178,264,354
Diluting effect of employee share options and LTIP awards	**2,202,818**	554,375
Diluted eps – weighted average number of shares	**184,704,037**	178,818,729

	2015	2014
Basic eps		
Weighted average number of ordinary shares in issue	**182,501,219**	178,264,354
Eps (p)	**4.66**	4.16

	2015	2014
Diluted eps		
Weighted average number of ordinary shares	**184,704,037**	178,818,729
Eps (p)	**4.60**	4.14

6 Goodwill

Group

	£'000
Deemed cost	
At 31 March 2014 and 2015	**4,166**
Impairment	
At 31 March 2014 and 2015	**2,846**
Net book amount	
At 31 March 2014 and 2015	**1,320**

	£'000
Deemed cost	
At 31 March 2013 and 2014	4,166
Impairment	
At 1 April 2013	2,802
Impairment in year	44
At 31 March 2014	2,846
Net book amount	
At 31 March 2014	1,320
At 31 March 2013	1,364

Goodwill allocation to CGUs

Goodwill is allocated to the following operating segments and is tested for impairment at this level:

CGUs	Goodwill at 1 April 2014 £'000	Impairment £'000	**Goodwill at 31 March 2015 £'000**
Consumer	1,320	–	**1,320**
Corporate	–	–	**–**
Net book amount	1,320	–	**1,320**

6 Goodwill *continued*

The group tests annually for impairment of goodwill. The recoverable amounts of CGUs are determined using value in use calculations.

Consumer – Family Hampers (£1,173,000) and Country Hampers franchisee (£147,000)

The key assumptions in the value in use calculations were as follows:

- The order position for the forthcoming Christmas.
- The budgeted gross margins. These are based on the average achieved in the last 12 month period. These margins are forecast to be maintained going forward.
- Average agent retentions forecast. These are based on historical performance of agent retention achieved. Historically, such forecasts have been materially correct.
- Budgeted revenue. This is based on average historical order value and average agent retention rates which have been extrapolated forward 10 years post acquisition. The generally high retention values for customers supports the adoption of a 10 year customer life cycle value as being appropriate for the business. No revenue growth has been factored into the data used in the calculation (2014 – nil).

The resulting cash flows were discounted using a pre-tax discount rate of 7 per cent (2014 – 7 per cent).

The above assumptions have been used as the businesses are profitable and stable. It is therefore appropriate to use historical data. There are no reasonable possible changes in the key assumptions that would reduce the recoverable amount to below the carrying value.

7 Other intangible assets

Group

	Computer software £'000	Agency customer lists £'000	Total £'000
Cost			
At 1 April 2014	8,072	2,350	10,422
Additions – internally developed assets	101	–	101
Additions – externally purchased assets	111	–	111
Disposals	(85)	–	(85)
At 31 March 2015	**8,199**	**2,350**	**10,549**
Amortisation and impairment			
At 1 April 2014	4,753	1,879	6,632
Amortisation charge for the year	629	189	818
Impairment	16	–	16
Disposals	(85)	–	(85)
At 31 March 2015	**5,313**	**2,068**	**7,381**
Net book amount			
At 31 March 2015	**2,886**	**282**	**3,168**
At 31 March 2014	3,319	471	3,790
Cost			
At 1 April 2013	7,481	2,350	9,831
Additions – internally developed assets	391	–	391
Additions – externally purchased assets	200	–	200
At 31 March 2014	8,072	2,350	10,422
Amortisation and impairment			
At 1 April 2013	4,046	1,695	5,741
Amortisation charge for the year	597	184	781
Impairment	110	–	110
At 31 March 2014	4,753	1,879	6,632
Net book amount			
At 31 March 2014	3,319	471	3,790
At 31 March 2013	3,435	655	4,090

The impairment in the year is in respect of an internally developed application. The impairment arose due to expected revenue growth from the application being lower than originally anticipated.

Notes to the accounts *continued*

7 Other intangible assets *continued*

The agency customer lists relate to lists of 30,000 agents nationwide acquired from FHSC Limited on 15 February 2006, 7,500 agents nationwide acquired from Findel PLC on 7 March 2007, 4,000 agents in the Republic of Ireland acquired from Dublin based Celtic Hampers and Family Hampers on 25 October 2010 and 388 agents nationwide acquired from I and J L Brown Limited, who operated a Country Christmas Savings Club franchise, on 3 December 2012. Customer lists are amortised over their useful life of up to 10 years based on the pattern of forecast cash flows expected to be generated. On an annual basis, management review the expected cash flows to be generated and make appropriate provision for impairment.

Company

	Computer software £'000
Cost	
At 1 April 2014	2,213
Additions	25
Group transfers	2
At 31 March 2015	**2,240**
Amortisation and impairment	
At 1 April 2014	2,104
Amortisation charge for the year	54
At 31 March 2015	**2,158**
Net book amount	
At 31 March 2015	**82**
At 31 March 2014	109

Cost	
At 31 March 2013 and 2014	2,213
Amortisation and impairment	
At 1 April 2013	2,032
Amortisation charge for the year	72
At 31 March 2014	2,104
Net book amount	
At 31 March 2014	109
At 31 March 2013	181

8 Investments

Group

	Other investment £'000
Cost	
At 31 March 2014 and 2015	**8**
Provisions	
At 31 March 2014 and 2015	**–**
Net book amount	
At 31 March 2014 and 2015	**8**

8 Investments *continued*

Company

	Shares in subsidiary undertakings £'000	Other investment £'000	Total £'000
Cost			
At 1 April 2014	8,525	8	8,533
Disposals	(1)	–	(1)
At 31 March 2015	**8,524**	**8**	**8,532**
Provisions			
At 1 April 2014	561	–	561
Decrease in year	(1)	–	(1)
At 31 March 2015	**560**	**–**	**560**
Net book amount			
At 31 March 2015	**7,964**	**8**	**7,972**
At 31 March 2014	7,964	8	7,972

The other investment relates to a minority investment in ordinary share capital of a single unlisted third party.

The disposals in the year relate to a number of dormant companies which have been struck off.

At 31 March 2015 the parent company's principal subsidiary undertakings included in the consolidation were:

Name of company	Nature of business
Park Group UK Limited	Holding company
Park Retail Limited	Mail order and cash savings operations
Park Christmas Savings Club Limited	Mail order agency cash savings
Country Christmas Savings Club Limited	Mail order agency cash savings
Family Christmas Savings Club Limited	Mail order agency cash savings
Handling Solutions Limited	Contract packing
High Street Vouchers Limited	Voucher sales
Budworth Properties Limited	Property management
Park Direct Credit Limited	Cash lending and debt collection services
Park Travel Service Limited	Travel agency
Park Financial Services Limited	Insurance broking services
Park Card Services Limited	Electronic money issuer
Park Card Marketing Services Limited	Card administration support services
MaximB2B Limited	Sales and marketing

Park Group UK Limited, Park Card Services Limited and Park Card Marketing Services Limited are wholly owned subsidiary undertakings of Park Group plc. All of the other companies above were directly held, wholly owned, subsidiary undertakings of Park Group UK Limited, except for MaximB2B Limited, which is a wholly owned subsidiary of Park Retail Limited, following the acquisition of the minority interest in MaximB2B Limited on 1 April 2014.

All of the above companies are registered in England.

Notes to the accounts *continued*

9 Investment property

Group

	2015 £'000	2014 £'000
Cost		
At 1 April	**296**	296
Transfer to assets held for sale	**(296)**	–
At 31 March	**–**	296
Accumulated depreciation		
At 1 April	**103**	45
Charge in year	**4**	6
Impairment	**95**	52
Transfer to assets held for sale	**(202)**	–
At 31 March	**–**	103
Net book amount at 31 March	**–**	193

Two properties, one in Walton and one in Bishop Auckland, were rented out to a third party until October 2014.

Included in revenue is £12,000 (2014 – £24,000) of rental income generated from these investment properties. Direct operating expenses arising on the investment properties in the period amounted to £6,500 (2014 – £nil).

Following notice being given by the tenants on both properties, a decision was made to divest the assets as they no longer align with the group's strategy. The directors reviewed the carrying value of the properties at this stage and identified an impairment of £95,000. The impairment was based upon auction guide prices to reach an estimate of the fair value less cost to sell.

The properties have subsequently been reclassified and transferred to assets held for sale (note 17).

10 Property, plant and equipment

Group

	Land and buildings £'000	Plant and equipment £'000	Vehicles £'000	Total £'000
Cost or valuation				
At 1 April 2014	15,706	6,689	22	22,417
Additions at cost	90	295	–	385
Disposals	(160)	(266)	–	(426)
At 31 March 2015	**15,636**	**6,718**	**22**	**22,376**
Accumulated depreciation				
At 1 April 2014	8,404	5,558	22	13,984
Charge in year	230	445	–	675
Disposals	(160)	(266)	–	(426)
At 31 March 2015	**8,474**	**5,737**	**22**	**14,233**
Net book amount				
At 31 March 2015	**7,162**	**981**	**–**	**8,143**
At 31 March 2014	7,302	1,131	–	8,433

Cost or valuation				
At 1 April 2013	15,706	6,303	22	22,031
Additions at cost	–	386	–	386
At 31 March 2014	15,706	6,689	22	22,417
Accumulated depreciation				
At 1 April 2013	8,179	5,128	22	13,329
Charge in year	225	430	–	655
At 31 March 2014	8,404	5,558	22	13,984
Net book amount				
At 31 March 2014	7,302	1,131	–	8,433
At 31 March 2013	7,527	1,175	–	8,702

Notes to the accounts *continued*

10 Property, plant and equipment *continued*

Company

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 1 April 2014	31	4,624	4,655
Additions at cost	–	199	199
Group transfer	–	13	13
At 31 March 2015	**31**	**4,836**	**4,867**
Accumulated depreciation			
At 1 April 2014	31	3,845	3,876
Charge in year	–	306	306
Group transfer	–	12	12
At 31 March 2015	**31**	**4,163**	**4,194**
Net book amount			
At 31 March 2015	**–**	**673**	**673**
At 31 March 2014	–	779	779

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 1 April 2013	31	4,402	4,433
Additions at cost	–	222	222
At 31 March 2014	31	4,624	4,655
Accumulated depreciation			
At 1 April 2013	31	3,552	3,583
Charge in year	–	293	293
At 31 March 2014	31	3,845	3,876
Net book amount			
At 31 March 2014	–	779	779
At 31 March 2013	–	850	850

11 Deferred tax

Group

	2015 £'000	2014 £'000
Deferred tax asset	**284**	244
Deferred tax liability	**(557)**	(538)
Net deferred tax liability	**(273)**	(294)

IAS 12 Income Taxes requires the offset of deferred tax balances meeting the offset criteria in the standard. All deferred tax liabilities were available for offset against deferred tax assets.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20 per cent (2014 – 20 per cent). The rate of corporation tax was reduced to 21 per cent for the year to 31 March 2015 and to 20 per cent from 1 April 2015 in the budget of March 2013 and the rate change was substantively enacted on 2 July 2013.

11 Deferred tax *continued*

The movement on the deferred tax account is shown below:

	2015 £'000	2014 £'000
At 1 April	**(294)**	(83)
Income statement charge	**(125)**	(66)
Statement of comprehensive income credit	**146**	317
Amounts charged directly to equity	**–**	(462)
At 31 March	**(273)**	(294)

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered. Deferred tax assets have not been provided on trading losses of £20,624,000 (2014 – £20,624,000) and on capital losses of £2,038,000 (2014 – £2,038,000).

There are no deferred tax liabilities arising on temporary differences associated with subsidiaries.

The movements in deferred tax assets and liabilities are shown below:

Deferred tax liabilities	Property, plant and equipment £'000	Total £'000
At 1 April 2014	(538)	(538)
Charged to income statement	(19)	(19)
At 31 March 2015	**(557)**	**(557)**
At 1 April 2013	(687)	(687)
Credited to income statement	149	149
At 31 March 2014	(538)	(538)

Deferred tax assets	Retirement benefit obligation £'000	Share options £'000	Total £'000
At 1 April 2014	244	–	244
(Charged)/credited to income statement	(122)	16	(106)
Credited to statement of comprehensive income	146	–	146
At 31 March 2015	**268**	**16**	**284**
At 1 April 2013	71	533	604
Charged to income statement	(144)	(71)	(215)
Credited to statement of comprehensive income	317	–	317
Charged to equity	–	(462)	(462)
At 31 March 2014	244	–	244

Company

	2015 £'000	2014 £'000
Deferred tax asset	**99**	119
Deferred tax liability	**(258)**	(25)
Net deferred tax (liability)/asset	**(159)**	94

IAS 12 requires the offset of deferred tax balances meeting the offset criteria in the standard. All deferred tax liabilities were available for offset against deferred tax assets.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20 per cent (2014 – 20 per cent). The rate of corporation tax was reduced to 21 per cent for the year to 31 March 2015 and to 20 per cent from 1 April 2015 in the budget of March 2013 and the rate change was substantively enacted on 2 July 2013.

Notes to the accounts *continued*

11 Deferred tax *continued*

The movement on the deferred tax account is shown below:

	2015 £'000	2014 £'000
At 1 April	**94**	578
Income statement charge	**(23)**	(54)
Statement of comprehensive income (charge)/credit	**(230)**	32
Amounts charged directly to equity	**–**	(462)
At 31 March	**(159)**	94

Deferred tax assets have been recognised in respect of other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered. Deferred tax assets have not been provided on capital losses of £440,000 (2014 – £440,000).

The movements in deferred tax assets and liabilities are shown below:

Deferred tax liabilities	Retirement benefit obligation £'000	Total £'000
At 1 April 2014	(25)	(25)
Charged to income statement	(3)	(3)
Charged to statement of comprehensive income	(230)	(230)
At 31 March 2015	**(258)**	**(258)**
At 1 April 2013	(56)	(56)
Charged to income statement	(1)	(1)
Credited to statement of comprehensive income	32	32
At 31 March 2014	(25)	(25)

Deferred tax assets	Property, plant and equipment £'000	Share options £'000	Total £'000
At 1 April 2014	119	–	119
(Charged)/credited to income statement	(36)	16	(20)
At 31 March 2015	**83**	**16**	**99**
At 1 April 2013	101	533	634
Credited/(charged) to income statement	18	(71)	(53)
Charged to equity	–	(462)	(462)
At 31 March 2014	119	–	119

12 Inventories

Group

	2015 £'000	2014 £'000
Raw materials	**321**	395
Finished goods	**2,865**	1,162
	3,186	1,557

The cost of inventories recognised as an expense in the year is £41,443,000 (2014 – £32,044,000).

The reduction of write down of inventories credited to the income statement in the period is £13,000 (2014 – write down of inventories recognised as an expense in the period £33,000).

13 Trade and other receivables

Group

Current assets	2015 £'000	2014 £'000
Trade receivables	**6,693**	5,460
Less: Provision for impairment of receivables	**(39)**	(82)
Trade receivables – net	**6,654**	5,378
Other receivables	**3,685**	3,871
Prepayments	**873**	822
	11,212	10,071

Of the trade receivables net balance above, £6,538,000 is due within one month, with the remaining £116,000 falling due in more than one but less than three months. Other receivables are due within one month.

Credit quality of trade receivables	2015 £'000	2014 £'000
Neither past due nor impaired	**4,875**	3,565
Past due but not impaired	**1,779**	1,813
Past due and impaired	**39**	82
Total	**6,693**	5,460

The group has credited £13,000 in respect of the provision for impairment of receivables during the year (2014 – charge £11,000).

The movement in the provision for impairment of trade receivables is as follows:

	2015 £'000	2014 £'000
At 1 April	**(82)**	(71)
Additional provisions	**(1)**	(24)
Amounts used	**31**	10
Amounts recovered	**13**	3
At 31 March	**(39)**	(82)

Company

	2015 £'000	2014 £'000
Receivables from subsidiaries	**5,348**	6,160
Other receivables	**508**	501
Prepayments	**768**	616
	6,624	7,277

Other receivables are due within one month.

14 Other financial assets

Group

	2015 £'000	2014 £'000
Bank deposit	**500**	500

This comprises a deposit with a bank which has a maturity date of 18 November 2015 (2014 – maturity date 14 November 2014). The deposit will be held to maturity and will generate a fixed interest income to the group. The carrying value may be affected by changes in the credit risk of the counterparty.

Notes to the accounts *continued*

15 Monies held in trust

Group

	2015 £'000	2014 £'000
Park Prepayments Protection Trust	**50,861**	45,420
E money Trust	**14,867**	12,094
Monies held in trust	**65,728**	57,514

On 13 August 2007 a declaration of trust constituted PPPT to hold customer prepayments. Park Prepayments Trustee Company Limited, as trustee of the trust, holds this money on behalf of the agents.

The conditions of the trust that allow the release of money to the group are summarised below:
1 Purchase of products to be supplied to customers.
2 Supply of products to customers less any amounts already received under condition 1 (above).
3 Amounts required as a security deposit to any credit card company or other surety.
4 Amounts payable for VAT.
5 Amount equal to any bond required by the Christmas Prepayments Association (CPA).
6 Amounts to meet its working capital requirements.
7 Residual amounts upon completion of despatch of all orders in full.

Products for this purpose means goods, vouchers, prepaid cards or other products ordered by customers.

Prior to any such release of monies under condition 6 above, the trustees of PPPT require a statement of adequacy of working capital from the directors of Park Retail Limited, stating that it will have sufficient working capital for the year. Releases can be requested from the trust between 1 February and 31 May of each year and shall not exceed 50 per cent of the cumulative balance of prepayments made by customers.

A summary of the main provision of the deeds and a copy of the trust deed is available at www.getpark.co.uk.

On 16 February 2010 a declaration of trust constituted the PCSET to hold the E money float in accordance with regulatory requirements. The E money float represents the value of the obligations of the company to card holders and redeemers.

All monies held in trust have a maturity date of less than three years. The timing of the release of the monies to the group from PPPT is as detailed above. The release of monies from the E money Trust occurs as the obligations fall due.

16 Cash and cash equivalents

Group

	2015 £'000	2014 £'000
Cash at bank and in hand	**26,333**	14,842

All cash held at bank at 31 March 2015 and at 31 March 2014, had a maturity date of less than one month.

Company

	2015 £'000	2014 £'000
Cash at bank and in hand	**25,447**	15,820

All cash held at bank at 31 March 2015 and at 31 March 2014, had a maturity date of less than one month.

17 Assets held for sale

Group

	2015 £'000	2014 £'000
Transferred from investment property	**94**	–
Disposal	**(41)**	–
Impairment	**(14)**	–
At 31 March	**39**	–

During the year two properties were transferred from investment property following a decision to divest the assets.

Both properties were taken to auction during the year with one being sold for a cash consideration of £45,000 (less cost to sell). As regards the remaining property, the directors reassessed the carrying value and identified a further impairment of £14,000, based upon a revised auction guide price. The impairment has been taken to the income statement.

Subsequent to the year end an offer of £41,000 has been accepted on the remaining property.

18 Trade and other payables

Group

	2015 £'000	2014 £'000
Bank overdraft	**3,095**	–
Trade payables	**51,972**	47,046
Payables in respect of cards and vouchers	**13,161**	11,263
Other taxes and social security payable	**1,525**	1,574
Other payables	**1,260**	1,079
Accruals and deferred income	**2,556**	1,393
	73,569	62,355

The cashbook overdraft has arisen due to the timing of unpresented cheques.

Trade payables and payables in respect of cards and vouchers fall due as follows:

	2015 £'000	2014 £'000
Not later than one month	**64,628**	57,937
Later than one month and not later than three months	**505**	372
	65,133	58,309

Trade payables include agents' prepayments for products that will be supplied prior to Christmas 2015. Payables in respect of cards and vouchers include balances due to both customers and retailers for flexecash® cards and amounts due to retailers for Love2shop vouchers.

Other payables are due within one month.

Company

	2015 £'000	2014 £'000
Trade payables	**81**	90
Other taxes and social security payable	**114**	107
Payables to subsidiaries	**25,632**	16,195
Other payables	**98**	71
Accruals and deferred income	**546**	107
	26,471	16,570

Trade payables and other payables are due within one month.

19 Provisions

Group

	Vouchers			Corporate gifted cards				
	Gross £'000	Impact of discounting £'000	Net £'000	Gross £'000	Impact of discounting £'000	Net £'000	Payment protection insurance £'000	Total £'000
At 1 April 2014	31,829	(776)	31,053	6,158	(30)	6,128	53	37,234
Arising on vouchers/cards despatched in period at date of despatch	34,542	(490)	34,052	5,330	(77)	5,253	–	39,305
Increase in provision arising from the unwind of the discount recorded on initial recognition	–	738	738	–	13	13	–	751
Increase in payment protection insurance provision in period	–	–	–	–	–	–	70	70
Vouchers/cards utilised in period	(29,164)	–	(29,164)	(4,967)	–	(4,967)	–	(34,131)
Payment protection insurance provision used in period	–	–	–	–	–	–	(43)	(43)
At 31 March 2015	**37,207**	**(528)**	**36,679**	**6,521**	**(94)**	**6,427**	**80**	**43,186**

The voucher provision is made in respect of unredeemed vouchers which are included at the present value of expected redemption amounts. This comprises the anticipated amounts payable to retailers on redemption after applying an appropriate discount rate to take into account the expected timing of payments. The anticipated amounts payable to retailers are arrived at by reference to historical data as to voucher redemption patterns. Whilst the voucher redemption provision covers a number of years of expected redemptions, typically the great majority of vouchers issued are redeemed within 12 months of issue.

Notes to the accounts *continued*

19 Provisions *continued*

Provision is made for redemption of corporate gifted cards where the cardholder does not have the right of redemption for cash.

The unwinding of the discount recorded on initial recognition in respect of vouchers and cards is included within cost of sales in the income statement.

The payment protection insurance provision is in respect of future expected settlements of claims arising from the mis-selling of payment protection insurance. The group ceased to sell this insurance in 2007 when it closed its loan broking business. The timing of the outflows are uncertain but the group expect the majority of outstanding claims to be settled within the next 12 months.

Company

	Payment protection insurance £'000
At 1 April 2014	53
Increase in payment protection insurance provision in period	70
Payment protection insurance provision used in period	(43)
At 31 March 2015	**80**

20 Retirement benefit obligation

Group and Company

Defined benefit plan:

The group operates two defined benefit pension schemes, Park Food Group plc Pension Scheme (PF) and Park Group Pension Scheme (PG), providing benefits based on final pensionable pay. Both schemes are closed to future accrual of benefit based on service. The assets of the schemes are held separately from those of the company in trustee administered funds. Contributions to the schemes are determined by a qualified actuary on the basis of triennial valuations.

The company operates the PF defined benefit scheme.

Both schemes are subject to the funding legislation which came into force on 30 December 2005, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator, the Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK. The trustees of the schemes are required to act in the best interests of the schemes' beneficiaries' and are responsible for setting the investment, funding and governance policies of the fund. The schemes are administered by an independent trustee appointed by the group. Appointment of the trustees is determined by the schemes' trust documentation.

The group and company has applied IAS 19 and the following disclosures relate to this standard. The present value of the scheme liabilities is measured by discounting the best estimate of future cashflows to be paid out of the scheme using the projected unit credit method. All actuarial gains and losses have been recognised in the period in which they occur in other comprehensive income. There have been no scheme amendments, curtailments or settlements in the year.

For the purposes of IAS 19 the actuarial valuations at 31 March 2013, for both schemes, which were carried out by a qualified independent actuary, have been updated on an approximate basis to 31 March 2015. There have been no changes in the valuation methodology adopted for this year's disclosures compared to the previous year.

The schemes typically expose the group to actuarial risks such as investment risk, interest rate risk, salary growth risk, mortality risk and longevity risk.

The amounts recognised in the statement of financial position are as follows:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Present value of pension obligation	**(18,713)**	(16,317)	**(1,772)**	(2,491)
Fair value of scheme assets	**17,372**	15,096	**3,065**	2,617
Net pension (liability)/surplus	**(1,341)**	(1,221)	**1,293**	126
–comprising schemes in asset surplus	**1,293**	126	**1,293**	126
–comprising schemes in asset deficit	**(2,634)**	(1,347)	**–**	–

At the year end, schemes in surplus have been disclosed within assets and schemes in deficit disclosed within liabilities on the statement of financial position. In the prior year a net position was disclosed within liabilities since the surplus was considered immaterial.

20 Retirement benefit obligation *continued*

The amounts recognised in the income statement are as follows:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Net interest cost (recognised in administration expenses)	**42**	(1)	**(6)**	(12)
Components of defined benefit costs recognised in the income statement	**42**	(1)	**(6)**	(12)

Analysis of amount to be recognised in the SOCI:

Return on scheme assets	**1,382**	(611)	**413**	(251)
Experience gains and (losses) arising on the defined benefit obligation	**981**	(955)	**923**	24
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	**–**	558	**–**	127
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	**(3,094)**	(577)	**(184)**	(59)
Remeasurements of defined benefit schemes recognised in the SOCI	**(731)**	(1,585)	**1,152**	(159)

Scheme assets:

It is the policy of the trustees of the company to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the scheme's investment strategy are documented in the scheme's statement of investment principles.

Fair value of scheme assets:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Equities	**7,934**	6,752	**–**	–
Diversified growth assets (DGA)	**2,192**	1,991	**–**	–
Gilts	**3,039**	2,593	**3,039**	2,593
Corporate bonds	**2,933**	2,672	**–**	–
Property	**1,161**	989	**–**	–
Cash and other	**113**	99	**26**	24
Total assets	**17,372**	15,096	**3,065**	2,617

None of the fair values of the assets shown above include any of the company's own financial instruments or any property occupied by, or other assets used by, Park Group plc. All of the schemes assets have a quoted market price in an active market with the exception of the property and the trustee's bank account balance.

The movement in the fair value of scheme assets is as follows:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Fair value of scheme assets at the start of the period	**15,096**	14,776	**2,617**	2,823
Interest income	**698**	714	**118**	133
Return on scheme assets	**1,382**	(611)	**413**	(251)
Contributions by employer	**653**	671	**9**	28
Contributions by employees	**–**	–	**–**	–
Benefits paid	**(457)**	(454)	**(92)**	(116)
Fair value of plan assets at the end of the period	**17,372**	15,096	**3,065**	2,617

Actual return on scheme assets for the year to 31 March 2015 was £1,549,000 for the PG scheme and £531,000 for the PF scheme.

Notes to the accounts *continued*

20 Retirement benefit obligation *continued*

Present value of obligations:

The movement in the present value of the defined benefit obligation is as follows:

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Opening defined benefit obligation	**16,317**	15,084	**2,491**	2,578
Interest cost	**740**	713	**112**	121
Actuarial losses/(gains) due to scheme experience	**(981)**	955	**(923)**	(24)
Actuarial gains due to changes in demographic assumptions	**–**	(558)	**–**	(127)
Actuarial losses due to changes in financial assumptions	**3,094**	577	**184**	59
Benefits paid	**(457)**	(454)	**(92)**	(116)
Closing defined benefit obligation	**18,713**	16,317	**1,772**	2,491

The average duration of the defined benefit obligation at 31 March 2015 is 19 years for the PG scheme and 12 years for the PF scheme.

Significant actuarial assumptions:

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

The following information relates to both the PG and PF schemes unless otherwise stated.

	2015 % per annum	2014 % per annum
Financial and related actuarial assumptions:		
Discount rate	**3.30**	4.60
Inflation (RPI)	**3.20**	3.50
Inflation (CPI)	**2.20**	2.50
Future salary increases*	**2.20**	2.50
Allowance for revaluation of deferred pensions of CPI or 5% pa if less*	**2.20**	2.50
Allowance for revaluation of deferred pensions of CPI or 2.5% pa if less*	**2.20**	2.50
Allowance for pension in payment increases of CPI or 3% pa if less*	**2.20**	2.50
Allowance for pension in payment increases of CPI or 2.5% pa if less*	**2.20**	2.50
Allowance for pension in payment increases of RPI or 5% pa if less*	**2.20**	2.50
Allowance for pension in payment increases of RPI or 8.5% pa if less**	**3.20**	3.50
Allowance for commutation of pension for cash at retirement	**100% of Post A Day**	100% of Post A Day

* relates to the PG scheme only
** relates to the PF scheme only

The mortality assumptions adopted are 100% of the standard tables S1PxA, year of birth, no age rating for males and females, projected using Continuous Mortality Investigation (CMI) _ 2012 converging to 1% pa. These imply the following life expectancies:

	2015 Years	2014 Years
Life expectancy at age 65 for:		
Male – current pensioners	**22.2**	22.2
Female – current pensioners	**24.5**	24.5
Male – current members aged 45	**23.6**	23.5
Female – current members aged 45	**26.1**	26.0

Sensitivity analysis on significant actuarial assumptions:

The following table summarises the impact on the defined benefit obligation at the end of the reporting period, if each of the significant actuarial assumptions above were changed, in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth. The sensitivities shown below are approximate.

	Change in assumption	Change in liabilities
PG scheme:		
Discount rate	decrease of 0.25% pa	increase by 4.8%
Rate of inflation	increase of 0.25% pa	increase by 3.1%
Rate of salary growth	increase of 0.25% pa	increase by 0.9%
Rate of mortality	increase in life expectancy of 1 year	increase by 2.3%
PF scheme:		
Discount rate	decrease of 0.25% pa	increase by 2.9%
Rate of inflation	increase of 0.25% pa	increase by 2.9%
Rate of mortality	increase in life expectancy of 1 year	increase by 4.0%

20 Retirement benefit obligation *continued*

The schemes typically expose the group to actuarial risks such as investment risk, interest rate risk, salary growth risk, mortality risk and longevity risk. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to the schemes liabilities. This would detrimentally impact on the statement of financial position and may give rise to increased charges in future income statements. This effect would be partially offset by an increase in the value of the schemes bond holdings. Additionally, caps on inflationary increases are in place to protect the scheme against extreme inflation.

Funding:

The group expects to contribute a fixed amount of £643,000 per annum to the PG scheme for the accounting period commencing 1 April 2015. This is based upon the current schedule of contributions following the actuarial valuation carried out as at 31 March 2013. In addition to this, Park has committed to pay life assurance premiums of £12,000 in the year. The best estimate of contributions to be paid to the PF scheme is £nil per annum.

Defined contribution plan:

The group makes contributions to a defined contribution pension scheme which is insured with Aegon. It also makes contributions to a defined contribution stakeholder pension plan, insured with Clerical Medical, for employees who are not eligible to join the Aegon defined contribution scheme, as well as to individual personal pension plans for certain employees.

The total pension charge for the year to 31 March 2015 was £693,000 (2014 – £647,000) for the defined contribution pension schemes. At 31 March 2015, contributions of £57,000 (2014 – £70,000) were outstanding, which represented the contributions for the month of March.

21 Employees and directors

Group

Employee benefit expense for the group during the year

	2015 £'000	2014 £'000
Wages and salaries	**10,254**	8,657
Social security costs	**1,036**	1,121
Other pension costs	**735**	646
Share-based payments	**235**	215
Other benefits	**53**	56
	12,313	10,695

Average monthly number of people (including executive directors) employed

	2015 Number	Restated 2014 Number
Consumer	**183**	181
Corporate	**120**	115
All other segments	**11**	10
Average number employed	**314**	306

Key management compensation

	2015 £'000	2014 £'000
Salaries and short term employee benefits	**1,289**	923
Post-employment benefits	**40**	89
Gain on exercise of share options and LTIPs	**–**	1,202
Share-based payments	**132**	112
	1,461	2,326

Key management are deemed to be the group's executive and non-executive directors.

Details of directors' emoluments, including those of the highest paid, can be found in the remuneration report on page 26.

22a Share capital

Group and Company

	No of shares	£'000
Authorised: Ordinary shares of 2p each		
At 31 March 2014 and 2015	**195,000,000**	**3,900**

Allotted, called up and fully paid		
At 31 March 2014 and 2015	**182,501,219**	**3,650**

Notes to the accounts *continued*

22b Share-based payments

Park Group plc 2009 LTIP:

In June 2010, an LTIP was adopted by the remuneration committee ('2009 LTIP'). This plan was for the benefit of certain employees selected at the discretion of the committee. The awards consist of allocations of shares, the final distribution of which is dependent on market performance targets. Each participating employee can be awarded shares up to a maximum value of 100 per cent of salary.

On 5 February 2015 the LTIP was amended ('2009 LTIP as amended'), allowing eligible employees to be awarded options to acquire, at nil cost, shares up to a maximum equivalent of 150 per cent of salary. In addition, awards are subject to new performance targets using aggregate profit before tax ('PBT') generated over a three year performance period.

Further details of the 2009 LTIP and 2009 LTIP as amended can be found within the directors' remuneration report on page 27.

UESOS and AESOS:

Options are granted at the discretion of directors. Options can only be exercised during the option exercise period, being the period commencing on the third anniversary of the date of the grant of the option and ending on the day before the tenth such anniversary. The remaining options under these two schemes were exercised during the prior year leaving no outstanding options. No further awards have been made.

The table below summarises the outstanding options and awards:

UESOS and AESOS:

	2015		2014	
	Number	**Weighted average exercise price (p)**	Number	Weighted average exercise price (p)
Outstanding at 1 April	**–**	**–**	1,913,888	24.94
Exercised	**–**	**–**	(1,913,888)	24.94
Outstanding at 31 March	**–**	**–**	–	–
Exerciseable at 31 March	**–**	**–**	–	–

	2015		2014	
	Number of shares	**Weighted average share price at date of exercise (p)**	Number of shares	Weighted average share price at date of exercise (p)
Share options exercised in the financial period	**–**	**–**	1,913,888	54.42

LTIP:

	2015		2014	
	Number	**Weighted average exercise price (p)**	Number	Weighted average exercise price (p)
Outstanding at 1 April	**4,224,597**	**–**	5,750,922	–
Granted	**1,989,518**	**–**	1,308,531	–
Expired	**(1,394,911)**	**–**	–	–
Exercised	**–**	**–**	(2,834,856)	–
Outstanding at 31 March	**4,819,204**	**–**	4,224,597	–

	2015		2014	
	Number of shares	**Weighted average share price at date of exercise (p)**	Number of shares	Weighted average share price at date of exercise (p)
Shares awarded in respect of LTIP awards in the financial period	**–**	**–**	2,834,856	53.50

	2015	2014
LTIP awards outstanding at end of period		
Weighted average remaining contractual life	**1.3 years**	1.2 years

Details of the weighted average fair value of the awards made in the year, together with how this value was calculated, can be found below.

22b Share-based payments *continued*

The fair values of awards under the LTIP are calculated at the date of grant using the binomial option pricing model. The significant inputs into the model and assumptions used in the calculations are as follows:

	LTIP 2011–14	LTIP 2012–15	LTIP 2013–16	LTIP 2014–17
Grant date	14.06.11	19.07.12	18.07.13	05.02.15
Share price at grant date	48.00p	49.75p	54.12p	60.37p
Exercise price	Nil	Nil	Nil	Nil
Number of shares under option or provisionally awarded	1,394,911	1,521,155	1,308,531	1,989,518
Option/award life (years)	3	3	3	2.33
Expected volatility	35%	34%	32%	28%
Risk free rate	3.57%	1.66%	1.17%	1.08%
Expected dividend yield	5.00%	5.00%	4.00%	4.00%
Forfeiture rate	0%	0%	0%	0%
Fair value per option/award	13.51p	15.10p	13.35p	55.01p

The expected volatility of the share price was based on historical movements in the share price, calculated as the standard deviation of percentage returns on the shares in the period since 2006. The risk free interest rate is based on the yield available on zero coupon UK Government bonds of a term consistent with the assumed option life. Projected dividend yield was based on historical dividend payments in the three years prior to the dates of the awards, relative to the average annual share prices in that period. A forfeiture rate of nil is assumed on the basis that awards are granted to senior management.

The scheme rules for the LTIP includes a provision which give the remuneration committee the discretion to settle up to 50 per cent of the value of shares to be awarded in cash. On the assumption that Park intends to settle the entire obligation in shares, there is considered to be no present obligation and so these awards have been valued and accounted for as equity settled share based payments.

LTIPs awarded prior to 5 February 2015 incorporate a market condition (TSR), which is taken into account in the grant date measurement of fair value. Awards on this date under the amended plan, do not incorporate a market condition, but include a non-market condition of aggregate PBT generated over a three year performance period. The charge to income is based on the best available estimate of the number of shares expected to vest at 31 March 2015, which has been assessed as 1,989,518.

The group recognised a total charge of £235,000 (2014 – £215,000) related to equity settled share-based transactions during the year ended 31 March 2015. This charge was split across the schemes as follows:

	2015 £'000	2014 £'000
UESOS	**–**	4
AESOS	**–**	16
LTIP 2010 – 13	**–**	14
LTIP 2011 – 14	**13**	63
LTIP 2012 – 15	**77**	77
LTIP 2013 – 16	**58**	41
LTIP 2014 – 17	**87**	–
	235	215

23 Dividends

Amounts recognised as distributed to equity holders in the year:

	2015 £'000	2014 £'000
Interim dividend for the year ended 31 March 2014 of 0.55p (2013 – 0.55p)	**1,004**	931
Final dividend for the year ended 31 March 2014 of 1.75p (2013 – 1.55p)	**3,194**	2,773

An interim dividend of 0.80p per share in respect of the financial year ended 31 March 2015 was paid on 7 April 2015 and absorbed £1,460,000 of shareholders' funds. In addition, the directors are proposing a final dividend in respect of the financial year ended 31 March 2015 of 1.60p per share which will absorb an estimated £2,920,000 of shareholders' funds. The final dividend will be paid on 1 October 2015 to shareholders who are on the register of members at the close of business on 28 August 2015. Neither of these dividends were paid or provided for in the year.

Notes to the accounts *continued*

24 Reconciliation of net profit to net cash inflow/(outflow) from operating activities

	Group		Company	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000
Net profit	**8,499**	7,280	**3,216**	6,723
Adjustments for:				
Tax	**2,434**	2,124	**(868)**	(906)
Interest income	**(1,246)**	(1,578)	**(244)**	(219)
Interest expense	**1**	2	**1**	2
Dividend from related party	**–**	–	**(7,000)**	(10,000)
Depreciation and amortisation	**1,497**	1,442	**359**	365
Impairment of investment property	**95**	52	**–**	–
Impairment of other intangibles	**16**	110	**–**	–
Impairment of assets held for sale	**14**	–	**–**	–
Impairment of goodwill	**–**	44	**–**	–
Increase in inventories	**(1,629)**	(138)	**–**	–
Increase in trade and other receivables	**(1,072)**	(2,986)	**(147)**	(200)
Increase/(decrease) in trade and other payables	**8,118**	6,972	**465**	(439)
Movement in balances with related parties	**–**	–	**13,001**	1,506
Increase/(decrease) in provisions	**5,952**	390	**27**	(115)
Increase in monies held in trust	**(8,214)**	(9,201)	**–**	–
Decrease in retirement benefit obligation	**(611)**	(672)	**(15)**	(40)
Translation adjustment	**17**	36	**–**	–
Share-based payments	**235**	215	**235**	215
Net cash inflow/(outflow) from operating activities	**14,106**	4,092	**9,030**	(3,108)

25 Operating lease commitments – minimum lease payments

Group

	2015		2014	
	Property £'000	**Vehicles, plant and equipment £'000**	Property £'000	Vehicles, plant and equipment £'000
Non-cancellable operating lease rentals are payable as follows:				
Within one year	**32**	**39**	22	38
Later than one year and less than five years	**64**	**123**	60	154
After five years	**–**	**–**	11	7
	96	**162**	93	199

The group leases a warehouse and also property for its businesses not based at the head office site, under non-cancellable operating lease agreements. The leases have an average term of between five and ten years. One of the leases contains a break clause at the three year anniversary of entering into the lease. The disclosed commitment has been calculated up to that point.

The group leases plant and machinery under non-cancellable operating lease agreements. The leases have an average life of between five and six years.

26 Capital and other financial commitments

Group

	2015 £'000	2014 £'000
Contracts placed for future capital expenditure not provided in the financial statements	**–**	–

27 Related party transactions

Group

Transactions between the group's wholly owned subsidiaries, which are related party transactions, have been eliminated on consolidation and are therefore not disclosed in this note.

There are no transactions with key management personnel other than those disclosed in the directors' remuneration report and note 21.

Company

The following transactions with subsidiaries occurred in the year:

	2015 £'000	2014 £'000
Dividends received	**7,000**	10,000

No purchases or sales transactions were entered into between the company and subsidiary companies.

Year end balances arising from transactions with subsidiaries

	2015 £'000	2014 £'000
Receivables from subsidiaries (note 13)	**5,348**	6,160
Payables to subsidiaries (note 18)	**25,632**	16,195

The payables to subsidiaries arise mainly due to cash collected on behalf of other subsidiaries.

Provisions against inter company loans

The receivables balances stated above are shown net of the following provisions:

	2015 £'000	2014 £'000
Subsidiaries	**11,162**	11,050

28 Financial instruments

The group's activities expose it to a variety of risks: market risk (including interest rate and foreign currency risk), credit risk and liquidity risk. The group has in place risk management policies that seek to limit the adverse effect on the financial performance of the group by using various instruments and techniques.

The financial assets and financial liabilities of the group are detailed below:

	Notes	Carrying amount and fair value 2015 £'000	Carrying amount and fair value 2014 £'000
Financial assets			
Monies held in trust	15	**65,728**	57,514
Financial assets – deposit at bank	14	**500**	500
Cash and cash equivalents	16	**26,333**	14,842
Trade receivables	13	**6,654**	5,378
Other receivables	13	**3,685**	3,871
		102,900	82,105
Financial liabilities			
Bank overdraft	18	**3,095**	–
Trade payables	18	**51,972**	47,046
Payables in respect of cards and vouchers	18	**13,161**	11,263
Other payables	18	**1,260**	1,079
		69,488	59,388

For further details of each of the financial assets and financial liabilities, see note numbers as detailed above.

Due to their relatively short maturity, the carrying amounts of all financial assets and financial liabilities approximate to their fair values.

The provisions for unredeemed vouchers and corporate gifted cards are not a financial liability and are therefore excluded from the table above.

Notes to the accounts *continued*

28 Financial instruments *continued*

Interest rate risk

Due to the significant levels of cash and cash equivalents held by the group and in trust, the group has an exposure to interest rates. In respect of all other financial assets and liabilities, the group does not have any interest rate exposure.

A 0.5 per cent movement in the interest rate applied to cash and cash equivalents, monies held in trust and other current financial assets would not have a material impact on the group's profit before taxation, however a 1 per cent movement in interest rates would change profit before taxation by approximately £1,134,000 (2014 – £986,000).

Foreign currency risk

The group buys and sells goods denominated in non-sterling currencies, principally euros. As a result, movements in exchange rates can affect the value of the group's income and expenditure. The group's exposure in this area is not considered to be significant.

Credit risk

Credit risks arise principally from the group's cash and cash equivalents, monies held in trust and trade receivables.

The group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk. The group seeks to limit the level of credit risk on it cash balances by only placing funds with UK counterparties that have high credit ratings.

Credit evaluations are performed for all customers. Management has a policy in place and the exposure to credit risk is monitored on an ongoing basis. The majority of trade receivables are subject to credit insurance, which further reduces credit risk.

At the year end there were no significant concentrations of risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

The group manages liquidity risk by continuously monitoring actual and forecast cash flows and by matching the maturity profiles of financial assets and liabilities. Whilst the group has net liabilities, it generates operational cash flows which enable it to meet its liabilities as they fall due. The group maintains an E money float, regulated by the Financial Conduct Authority, to hold E monies totally separate from group funds. The group is entitled to make limited draw downs from the PPPT subject to specific conditions being met as set out in the trust deed, available from www.getpark.co.uk. The group's positive cash position enables it to operate without reliance on any external funding.

Details of the maturity of financial liabilities can be found in note 18. Comments on the group's liquidity position and financial risk are set out on page 15 of the financial review and pages 16 and 17, the group's risk factors. Comments on provisions, an area of concentration of risk, can be found in note 19.

Capital management

The group's objectives in managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. As the group continues to be in a net deficit position and has net current liabilities, its capital management focus to ensure that the group has adequate working capital includes management of its draw down facility with the PPPT and the extent to which net cash inflows from prepaid corporate customers are available to meet the group's liabilities as they fall due.

The group as a whole is not subject to any external capital requirements (regulatory or funding). Park Financial Services Limited, a group subsidiary offering insurance broking services, and Park Card Services Limited, a group subsidiary operating as an electronic money issuer, are subject to Financial Conduct Authority capital requirements. Both companies report twice annually to the Financial Conduct Authority on the level of regulatory capital each company holds. The capital requirements were adhered to in the period. Voluntary trust arrangements are in place to provide some protection for the customers of our Christmas prepayment scheme. Further details of the trust are set out in note 15.

The group's capital base includes share capital, share premium account and retained earnings.

Capital is reported monthly as part of the internal management accounts and is also included in budgeting and forecasting exercises. The ability to pay dividends is dependent on the parent company having distributable profits. It is management's intention to manage the group's and the company's capital to maintain its ability to pay dividends.

29 Prior period adjustments

Group

The prior period figures have been restated for the following:

At the beginning of the period under review our online business, HSV.com, was transferred from our consumer business to our corporate business as the majority of sales value generated from this online business related to corporate customers. There is no impact on either the statement of financial position, the income statement or the statement of other comprehensive income. Previously reported segmental figures have been restated as follows:

	Consumer £'000	Corporate £'000	All other segments £'000	Elimination £'000	Group £'000
External billings					
As reported at 31 March 2014	198,559	137,481	–	–	336,040
Reclassification of HSV.com	(17,027)	17,027	–	–	–
Balance as restated at 31 March 2014	181,532	154,508	–	–	336,040
Inter-segment billings					
As reported at 31 March 2014	–	146,871	–	(146,871)	–
Reclassification of HSV.com	–	(13,655)	–	13,655	–
Balance as restated at 31 March 2014	–	133,216	–	(133,216)	–
Total billings					
As reported at 31 March 2014	198,559	284,352	–	(146,871)	336,040
Reclassification of HSV.com	(17,027)	3,372	–	13,655	–
Balance as restated at 31 March 2014	181,532	287,724	–	(133,216)	336,040
External revenue					
As reported at 31 March 2014	178,383	91,180	–	–	269,563
Reclassification of HSV.com	(17,027)	17,027	–	–	–
Balance as restated at 31 March 2014	161,356	108,207	–	–	269,563
Inter-segment revenue					
As reported at 31 March 2014	–	146,871	–	(146,871)	–
Reclassification of HSV.com	–	(13,655)	–	13,655	–
Balance as restated at 31 March 2014	–	133,216	–	(133,216)	–
Total revenue					
As reported at 31 March 2014	178,383	238,051	–	(146,871)	269,563
Reclassification of HSV.com	(17,027)	3,372	–	13,655	–
Balance as restated at 31 March 2014	161,356	241,423	–	(133,216)	269,563
Results					
As reported at 31 March 2014	6,167	4,059	(2,398)		7,828
Reclassification of HSV.com	(815)	815	–		–
Balance as restated at 31 March 2014	5,352	4,874	(2,398)		7,828
Segment assets					
As reported at 31 March 2014	61,679	19,930	16,619		98,228
Reclassification of HSV.com	(2,502)	2,502	–		–
Balance as restated at 31 March 2014	59,177	22,432	16,619		98,228

In addition to the year to March 2014, the key performance indicator corporate billings growth, has been restated for the three years to 31 March 2013 as follows:

	2013 £'000	2012 £'000	2011 £'000
As reported originally	152,618	141,772	123,720
Reclassification of HSV.com	13,405	10,711	8,471
Balance as restated	166,023	152,483	132,191

Notice of meeting

Notice is hereby given that the thirty second annual general meeting of Park Group plc ("Company") will be held in The Vice Presidents Room, Tranmere Rovers Football Club Limited, Prenton Park, Prenton Road West, Birkenhead CH42 9PN on 24 September 2015, at 12 noon for the following purposes:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive and adopt the Company's annual accounts, strategic report and directors' and auditor's reports for the financial year ended 31 March 2015.
2. To declare a final dividend for the financial year ended 31 March 2015 of 1.60p per ordinary share in the capital of the Company, to be paid on 1 October 2015 to shareholders whose names appear on the register at the close of business on 28 August 2015.
3. To approve the remuneration report of the directors for the financial year ended 31 March 2015.
4. To re-appoint Martin Stewart, who retires by rotation and offers himself for re-election as a director of the Company.
5. To re-appoint Gary Woods, who retires by rotation and offers himself for re-election as a director of the Company.
6. To re-appoint John Dembitz, who retires by rotation and offers himself for re-election as a director of the Company.
7. To re-appoint Ernst & Young LLP as auditors of the Company.
8. To authorise the directors to determine the remuneration of the auditors.
9. That, pursuant to section 551 of the Companies Act 2006 ("Act"), the directors be and are generally and unconditionally authorised to exercise all powers of the company to allot shares in the company or to grant rights to subscribe for or to convert any security into shares in the company up to an aggregate nominal amount of £1,216,674.79 provided that (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the company after the passing of this resolution or on 24 December 2016 (whichever is the earlier), save that the company may make an offer or agreement before this authority expires which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after this authority expires and the directors may allot shares or grant such rights pursuant to any such offer or agreement as if this authority had not expired.

   This authority is in substitution for all existing authorities under section 551 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

To consider and, if thought fit, to pass the following resolution as a special resolution:

10. That, subject to the passing of resolution 9 and pursuant to section 570 of the Act, the directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority granted by resolution 9 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

    10.1 in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):

    10.1.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

    10.1.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

    but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

    10.2 otherwise than pursuant to paragraph 10.1 of this resolution, up to an aggregate nominal amount of £182,501.21, and (unless previously revoked, varied or renewed) this power shall expire at the conclusion of the next annual general meeting of the company after the passing of this resolution or on 24 December 2016 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired.

    This power is in substitution for all existing powers under section 570 of the Act (which, to the extent unused at the date of this resolution, are revoked with immediate effect).

By order of the board

R Fairbrother
Company Secretary
Valley Road
Birkenhead CH41 7ED
27 July 2015

Notes:
A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote, on a poll, instead of him or her. A proxy need not be a member of the company. A form of proxy is enclosed for use by shareholders.

Directors and advisers

Directors:	P R Johnson (Non-executive Chairman) ◊ C Houghton M R Stewart G A Woods J Dembitz (Non-executive) *†◊ L Carstensen (Non-executive) *†◊ M de Kare-Silver (Non-executive) *†◊
Secretary:	R Fairbrother
Registered office:	Valley Road Birkenhead CH41 7ED Registered in England No 1711939
Nominated adviser:	Arden Partners plc 125 Old Broad Street London EC2N 1AR
Merchant bankers:	N M Rothschild & Sons Limited 82 King Street Manchester M2 4WQ
Auditors:	Ernst & Young LLP 20 Chapel Street Liverpool L3 9AG
Stockbrokers:	Arden Partners plc 125 Old Broad Street London EC2N 1AR
Bankers:	Barclays Bank PLC 3 Hardman Street Manchester M3 3AX
Registrars:	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ

* Member of the audit committee
† Member of the remuneration committee
◊ Member of the nomination committee

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