Park Group plc

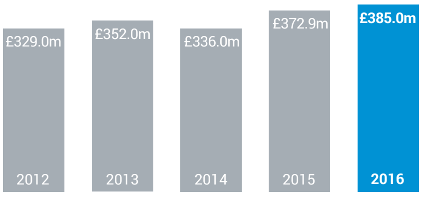
Annual Report and Accounts **2016**

Something for everyone

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

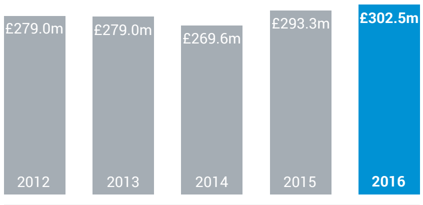
Group billings (£M)

£385.0m (2015 – £372.9m)



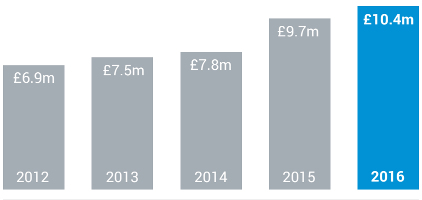
Group revenue (£M)

£302.5m (2015 – £293.3m)



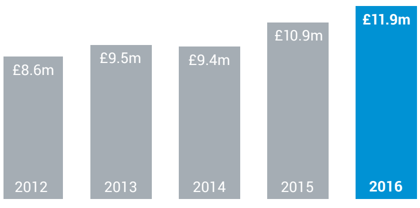
Operating profit (£M)

£10.4m (2015 – £9.7m)



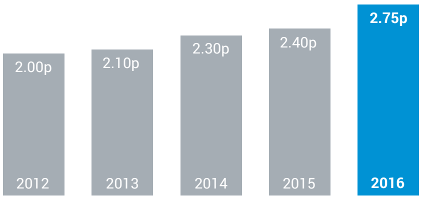
Profit before taxation (£M)

£11.9m (2015 – £10.9m)



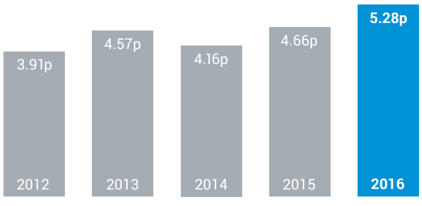
Dividends per share (p)

2.75p (2015 – 2.40p)



Total basic earnings per share (p)

5.28p (2015 – 4.66p)



Strategic Report

Corporate Governance

Financial Statements

Flexibility built in

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.

Retail partners

Drive awareness and footfall

	Corporate	Consumer
Proposition	Gift cards, prepaid cards, vouchers and other employee rewards	Christmas savings scheme: Customers purchase vouchers, prepaid cards and gifts, on a 45-week prepaid instalment plan Gift cards and vouchers
Channels	Sales team • Online • Telephone • Mobile	Catalogue • Online • Telephone • Mobile
Client Benefits	Incentivise and reward employees and/or customers with standard or customised, multi or single retailer vouchers, gift cards and e-codes Administer on-going reward programmes effortlessly online	Maximise convenience in budgeting for and buying gifts for Christmas and other occasions
Brands	Love2shop Business Services highstreetvouchers.com love2shop.co.uk Engage Evolve	Park Christmas Savings Club

Enablers	Vouchers	e-codes	flexecash®	MasterCard

LOVE2SHOP

UK's No.1 multi-retailer gift voucher/card

WWW.LOVE2SHOP.CO.UK

Love2shop is the UK's leading multi-retailer gift voucher and prepaid gift card brand, accepted at over 150 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.

Billings (£M)

£320m
(2015 – £322m)

PARK
The UK's No1 for Christmas Savings!

UK's No.1 Christmas savings business

WWW.GETPARK.CO.UK

Park have been helping people across the UK budget for Christmas since 1967. 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 429,000 families budget for Christmas with us each year so they can enjoy Christmas without worrying about credit card bills in the New Year.

Billings (£M)

£205m
(2015 – £193m)

flexecash®

Regulated e-money prepaid card launched in June 2010

The ground-breaking development of flexecash® saw the creation of Park Card Services Limited, a subsidiary which is authorised and regulated by the Financial Conduct Authority (FCA) to issue e-money. This infrastructure allows us to create flexible and cost-effective schemes to suit the requirements of an ever-expanding, diverse range of clients, using physical or digital cards.

Major high street brands such as Marks & Spencer, Debenhams, River Island, PC World and Toys 'R' Us are able to accept our Love2shop cards which are powered by flexecash®. In total flexecash® cards are currently accepted by 66 high street retailers and attractions.

Billings (£M)

£91m
(2015 – £87m)

LOVE2SHOP
BUSINESS SERVICES

UK's No.1 corporate incentive provider

WWW.LOVE2SHOPBUSINESS.CO.UK

Our Love2shop Business Services business is one of the leading providers of reward solutions to UK companies.

We provide a variety of solutions from our own multi-retailer vouchers and prepaid cards to single store vouchers and cards, gift experiences, holidays and travel. We also provide an array of online scheme management solutions which can help our clients to cost effectively run, manage and communicate their schemes.

We trade with over 28,000 businesses through 4 main markets mainly; reward and recognition, incentive and motivation, sales promotion and employee benefits.

Billings (£M)

£104m
(2015 – £132m)

highstreet vouchers .COM

UK's No.1 online gift voucher retailer

WWW.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 & 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.

Billings (£M)

£70m
(2015 – £44m)

Partners

BILLINGS
UK's No.1 Christmas savings business

£205m
(2015 – £193m)

BILLINGS
UK's No.1 corporate incentive provider

£104m
(2015 – £132m)

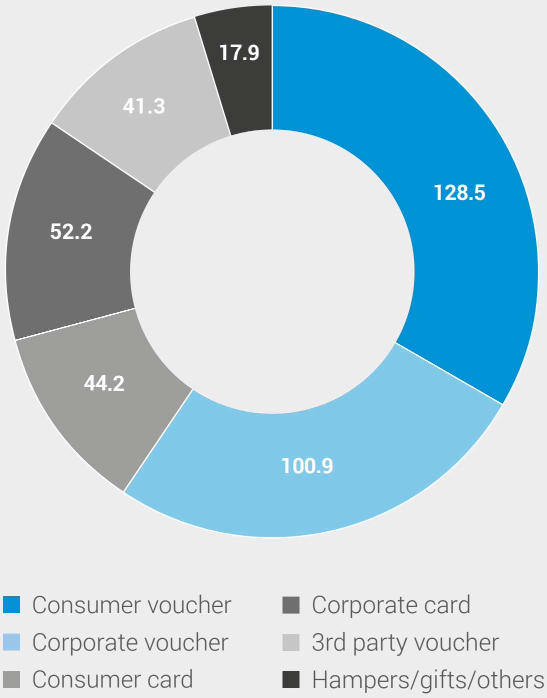
BILLINGS
UK's No.1 multi-retailer gift voucher/card

£320m
(2015 – £322m)

VALUE LOADED
Regulated e-money prepaid card launched 2010

£98m
(2015 – £90m)

Billings By Product 2015/16



Key Strengths

1. Successful growth strategy

Park's strategy has remained consistent for many years and is delivering reliable and growing returns for investors. The principal areas of operation are consumer savings and corporate reward and incentive markets, but the manner in which Park serves these markets has changed beyond recognition over the past decade, driven by the company's investment in and ongoing development of IT, the internet and smart device channels.

2. Driven by innovation and investment

Park is an ambitious business that believes in continually investing to support innovation to meet the current and future needs of its customers in both the corporate and consumer marketplaces. The face of Park may be traditional, but its businesses over recent years have become leading edge.

3. Cash generative and debt free

Park is cash generative with a debt free balance sheet. The cash position is strong with sufficient funds available to comfortably finance working capital and further investment. Total cash balances at the year end reached £28.8m (2015 – £23.2m) with a further £75.2m (2015 – £65.7m) of monies held in trust.

4. Growing dividends

Dividends have increased steadily and the payout to shareholders has more than doubled since 2008. These annual increases demonstrate continued confidence in the business and the anticipated further contribution from the profitability of its innovative product ranges.

5. Experienced and stable management team

Park's development and success reflects positively on the quality, stability and strength of its management teams, which have been working together for many years. Although Park has a strong technical base it is ultimately a 'people' business with a reputation for excellent products and customer service.

6. Extensive customer base

The corporate business has over 28,000 customers while the consumer operation reaches some 429,000 customers. The size, breadth and diversity of Park's customer base spreads risk and eliminates over dependence on any single customer, market or business sector.

Park's strategy is consistent and clear. 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.

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.

Strategic priority		Progress in 2016
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.
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. • Improved digital card solution. • Invested in data technology and resilience.
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. • Developed digital card solution.
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. • Digital solution to support new markets and reach new customers.

Future plans

- Continue to enhance the retailer proposition.
- Provide solutions for a broad spectrum of consumer products; from everyday essentials to luxury brands.
- Enhance digital proposition.

- Develop new service offerings that utilise our existing infrastructure in new markets.
- Develop new applications to support market opportunities.
- Engage strategic partners to facilitate capability and growth.

- Provide improved online spending power in the consumer and corporate market.
- Explore and develop mobile delivery of our products and services.
- Grow market share.

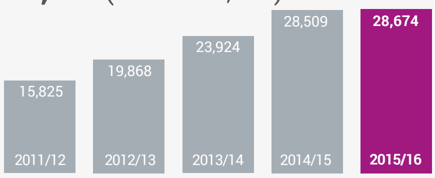
- Increase marketing activity and identify new opportunities.
- Identify potential new market opportunities for flexecash®, voucher and e-code products.
- Identify opportunities in new markets.

Key Performance Indicators

Corporate

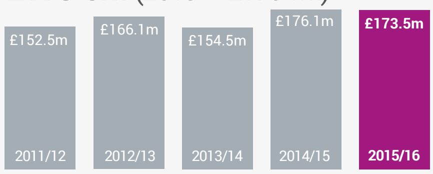
Number of businesses served by Love2shop Business Services and e-commerce

28,674 (2015 – 28,509)



Billings (£M)

£173.5m (2015 – £176.1m)



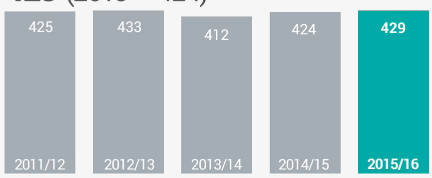
Internet derived revenue (£M)

£58.5m (2015 – £39.1m)

Consumer

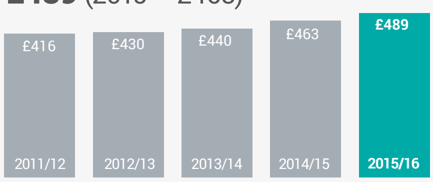
Number of customers UK & Ireland (000s)

429 (2015 – 424)



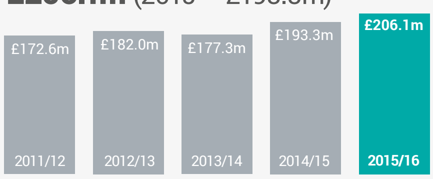
Average order value (£)

£489 (2015 – £463)



Christmas order book (£M)

£206.1m (2015 – £193.3m)



Celebrating Peter Johnson's five decades at Park Group

Peter established Park in 1966 and has led the company through its transformation from a Christmas hamper provider to a multi-million pound voucher, prepaid card, incentive and reward specialist.

Park milestones

1966
Peter Johnson founds Park Food Group Ltd

1974
The Hamper Packing Co established

1982
High Street Gift Voucher established

1983
Park Food Group plc listed on the London Stock Exchange

1984
Chrisco Hampers acquired

1985
Wirral Cold Store completed

1988
Country Hampers acquired

1997
Park Food Group plc changed its name to Park Group plc

2001
Chris Houghton becomes Group Finance Director

2001
Gary Woods appointed to the board

2002
High Street Gift Voucher rebranded as Love2shop

2004
Martin Stewart joins as Group Finance Director, Chris Houghton becomes Group Managing Director and Peter Johnson becomes Executive Chairman

2004
highstreetvouchers.com and Park Travel launched

Five decades of change

Peter Johnson established Park Group in 1966 as a Christmas hampers supplier and led the company in its growth and evolution, through its stock market listing in 1983 and its transfer to AIM in October 2007. He has served as Non-Executive Chairman since March 2012.

Chris Houghton, Chief Executive of Park Group, said: "On behalf of the board and everyone at Park, I would like to thank Peter for his dedication and hard work over many decades. We have built on his entrepreneurial spirit and vision to transform the business over the years into the successful, dynamic and innovative company we are today."

"His leadership from the very birth of our company and latterly, his experience, advice and encouragement has been invaluable to the board and we all wish him a very happy retirement."

2006
Family Hampers acquired

2007
Park Group plc transferred LSE listing to AIM

2007
Home Farm Hampers acquired

2010
flexecash® receives FCA e-money license approval

2010
Acquistion of Celtic Hampers and Family Hampers enables expansion into Eurozone

2012
Chris Houghton becomes Chief Executive Officer

2012
Peter Johnson becomes Non-Executive Chairman

2016
Peter Johnson retires and Laura Carstensen appointed Non-Executive Chairman

Today

Park is a progressive, specialist and successful business, anticipating and dynamically responding to an ever changing market place. The business thrives on change and has adapted its offering over 50 years harnessing the power of technology.

The original Park business was in Christmas hampers. Today, they account for less than two per cent of total revenue.

The introduction, some 30 years ago, of paper vouchers, redeemable at major retailers, was a major innovation and an important step in our transition.

In 2010 we launched our highly innovative flexecash® prepaid card platform, which enabled Park to enter the £5bn e-money market, quickly becoming a major presence.

Our customers today have access to thousands of retail outlets and online across the UK, Ireland and continental Europe.

Chairman's Statement

In my first statement as Chairman, I am pleased to report that Park has maintained its growth record and delivered another impressive trading performance for the year to 31 March 2016.

Our business

Park is a strong, long established and forward-looking business with leading market positions.

The rapid and relatively recent advances in information technology (IT) and mobile smart devices have changed the way customers want to interact with us and use our products. We are committed to keeping ahead of these trends. During the previous few years, our leadership team has revolutionised the business and the services we provide, to maximise the benefits we bring to our customers and the returns to our shareholders.

The group's principal operations continue to focus on consumer prepayments and corporate reward and incentive programmes. In these areas, year-upon-year, Park has achieved a very successful trading record by consistently applying its strategy and utilising technological change to become a substantial e-commerce and financial services business.

Financial performance

Profit before taxation for the year to 31 March 2016 advanced by 8.5 per cent to £11.9m (2015 – £10.9m) while operating profit increased to £10.4m (2015 – £9.7m). Finance income was higher at £1.5m (2015 – £1.2m); cash balances continue to increase and this has enabled the company to place funds for longer maturity to deliver better returns. The advance in cash balances to £104m at the year end (2015 – £89m) provides more than sufficient liquidity for planned increases in investment. In addition it has provided us with sufficient working capital to support the rapid growth of the e-money business through the sale of prepaid cards, which are required to be cash-backed. Money market interest rates remain low and although higher returns may be available from certain products, investing in them would be incompatible with the company's prudent approach to cash management, driven by our core commitment to consumer protection.

Total billings rose by 3.3 per cent to £385.0m (2015 – £372.9m) while revenue increased to £302.5m (2015 – £293.3m). As highlighted in previous reports, we consider billings to be a more appropriate measure of the performance of the company than revenue.

Dividend

The board is recommending raising the final dividend by 18.8 per cent to 1.90p per share (2015 – 1.60p) making a total dividend for the year of 2.75p per share (2015 – 2.40p). This uplift reflects the growth of the company's cash resources and the robust trading performance. Shareholder approval will be sought at the Annual General Meeting (AGM) to be held on 22 September 2016 to pay the final dividend on 3 October 2016 to shareholders on the register on 26 August 2016.

Operating performance

Both our corporate and consumer divisions made further good progress during the year against the backdrop of a broadly stable economic environment in the UK.

The corporate business provides innovative, cost-effective, tailored products to around 28,000 organisations, which use Park's products to incentivise employee performance or reward the loyalty of their customers.

Park has a consistent and sustainable strategy executed by experienced, highly capable management and a sound business that meets our customers' needs.

Park delivered significant increases in billings in most areas within the corporate business, but overall could not fully offset the significant reduction in demand from the consumer credit sector, which had previously been an important driver of demand for these products. Billings to the consumer credit sector were £3.9m, compared with £20.4m in the previous year. Although our involvement with this sector has reduced significantly over recent years, it remains a market in which we have strong capabilities that remain attractive to customers.

The consumer business continued to grow strongly with billings and profit well ahead of the previous year. The business supplies traditional prepayment products that enable customers to prepare for the festive season in a safe and controlled way, yet the products provided and the manner in which it serves its customers are constantly evolving as technology progresses.

Over 429,000 customers currently enjoy the company's consumer budgeting schemes. Park constantly seeks to enhance existing products and where necessary, develop new ones to serve its customers' needs. Recently introduced products which proved particularly popular during the year are: 'Combi', a card combination that gives customers access to major retailers such as Asda and Primark, that otherwise would not have been available to them; and, our 'Anywhere' card. 'Anywhere' is a prepayment card which can be used at outlets, whether traditional retail or online, that accept MasterCard, not just retail groups previously linked to our Love2shop brand.

Retirement of our founding Chairman

Peter Johnson founded the business in 1966 and led it through four decades, until the appointment of Chris Houghton as Group Managing Director in 2004. Chris, who became Chief Executive Officer of Park in 2012, and his team have maintained Peter's entrepreneurial spirit, transforming the business to create a modern and specialist company, using the latest in technology to respond quickly to the changing needs and preferences of our customers.

Following his long and successful career, Peter retired as Non-Executive Chairman of Park on 3 June 2016. I am delighted to have been appointed as his successor, having worked with him in my capacity as a non-executive director since I joined the board in September 2013. Over recent years, his experience and encouragement have been of great benefit to our progress.

Everyone associated with Park is grateful to Peter for his hard work and vision and we wish him a long, healthy and enjoyable retirement.

People

Our success is delivered by the talent and commitment of our people and we are committed to ensuring that Park remains a great place to work. Park's employees are motivated by a desire to be the best in their field by delivering excellence to customers and consequently, value to our shareholders. I would like to thank everyone at Park for their enthusiasm and dedication to our collective achievements and look forward to future successes together.

Outlook

Early indications for the current year are encouraging. The consumer order book continues to grow year-on-year and we anticipate that the success of our corporate business will continue going forward as we develop and launch new products into this market.

Park's financial position remains solid, with cash balances well ahead of the equivalent period last year. We have a consistent and sustainable strategy executed by experienced, highly capable management and a sound business that meets our customers' needs.

We look forward with confidence and remain focused on delivering yet another year of progress.

Laura Carstensen
Chairman
14 June 2016

Our values

As the company continues to evolve, the board feel that it is important to communicate what our core values as a company are.

The Executive Management Board and non-executive directors have developed the acronym IRIS.

This stands for:

I Integrity

Towards our customers, colleagues, suppliers, community, Government, shareholders – we foster an open, honest and transparent environment.

R Respect

We behave with respect and trust towards all our stakeholders; we build and reward team work and collaboration; we have 'treating our customers fairly' embedded in what we do and how we do it.

I Innovation

We know we need to innovate and develop our products and services on a continuous basis to succeed.

S Service Excellence

Quality is never taken for granted; we recognise that we are in business to serve our customers beyond their expectations.

These are all behaviours which we all currently display, and areas in which we strive to achieve.

Introduction

The financial year to 31 March 2016, has been another pleasing period of advancement for Park Group. We have built on previous successes and extended our already large customer base through excellent service and product development.

We serve our markets through the provision of a broad range of products including paper vouchers, prepaid cards and e-codes to give customers access to thousands of retail outlets and online across the UK, Ireland and continental Europe.

The majority of our business is in the UK where economic stability and consumer confidence have improved over recent years. This environment, together with our successful management strategy and commitment to our customers, has generated a steady rise in billings, which have increased close to 30 per cent since 2011, while profit before tax and other operating income has advanced almost 70 per cent. This performance reflects the benefits of our investment in IT infrastructure, digital platforms and new product development.

The company's balance sheet is positive and our cash position remains strong with sufficient funds available to comfortably finance working capital and further investment. Total cash balances at the year end, including monies held in trust, reached £104m (2015 – £89m).

Strategic overview

Adherence to Park's well-established strategy for growth remains the bedrock of the business and over time, additional strands were introduced to this ethos as the organisation has developed and expanded. In my review last year the key aims of our consistent strategy were defined as:

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

These core goals remain unchanged and I am pleased to report that the business has made further impressive progress in each area.

The board stays abreast of acquisition opportunities, as they arise. Potential purchases are carefully considered and assessed against our strict market, financial and strategic objectives. Park is well positioned to undertake acquisitions but we will only do so when a good fit has been identified, which can add value to our business and its prospects.

Our evolution

The transformation of Park is highlighted by the change in the business mix over the years and the achievement of developmental milestones:

- The original Park business was associated mainly with Christmas hampers. Today, this accounts for less than 2 per cent of total revenue;
- The introduction, some 30 years ago, of paper vouchers, which could be redeemed at major retailers, was a major innovation and an important step in our transition;
- A further significant product and technical development was the introduction, in 2010, of our highly innovative flexecash® prepaid card platform, which connects directly with retailer's tills. This has enabled the company to enter the regulated prepaid card market, quickly becoming a major presence; and,

We continue to see the benefits of investment in our systems and products, while our customers on both the consumer and corporate sides of our business show a sustained and growing enthusiasm for our broad range of products and programmes.

- The recent establishment of our relationship with MasterCard, has allowed Park to offer broader-use products such as the 'Anywhere' and 'Online' cards.

Today, Park is a progressive, specialist and successful business, able to anticipate and dynamically respond to a changing market place.

Our prepaid card system, flexecash®, has been extremely successful. It was launched after three years of in-house development and testing and this capability has given Park access to trading areas which previously had been closed to the company.

Since its launch, flexecash® cards have had over £418m of value loaded, with 66 brands accepting the card through 13,000 UK outlets. The card is available alongside our Love2shop voucher, which is supported by 151 brands at 20,000 outlets.

Our relationship with MasterCard, initiated last year, has signalled further excellent progress, allowing us to offer particularly useful products to our customers such as the 'Anywhere' and 'Online' prepaid cards. The customer pays a small premium for the 'Anywhere' card, however, as the name suggests, the card offers the freedom of choice to spend the embedded value at any outlet that accepts MasterCard, not just those where a relationship with Love2shop exists.

Detailed analysis indicates that approximately half our customer base does not own a credit card, so developments such as the relationship with MasterCard gives them access to many new outlets. Customers of our consumer business contribute weekly to purchase prepaid cards and vouchers in preparation for the festive season. The cards and vouchers are then despatched in October and November, giving customers the additional opportunity to take advantage of any pre-Christmas sales.

The 'Online' card can be spent online with any retailer that accepts the card.

The number of customers using direct debits in the consumer sector continues to increase. This benefits Park as it facilitates customers' annual renewals and is efficient, maintaining the relationship with minimal effort from the customer or intervention by Park. It also delivers the business a reduction in cash collection costs as it carries a lower transaction fee than more traditional methods such as paying at the bank or Post Office.

Digital trends and the internet

The changing and fast developing trends in computer and smart device usage are reflected in the manner in which customers interact with Park. The majority of orders now come via a smartphone or tablet, as the numbers using desktop computers and other, more traditional means, continue to fall. Park's websites and applications (apps) undergo a process of continuous development and improvement and are tailored to be informative and easy-to-use on a range of the latest devices.

Customising sites for ease of use on smartphones and tablets is vital and our websites have been rebuilt to be mobile friendly and responsive. We are giving customers the platforms they want and have now introduced standalone apps for Android and Apple users. These apps give Park a direct relationship with customers and therefore responses can be personalised by harnessing individual preferences.

Social media, particularly Facebook, provides a crucial link with users and also gives the company an insight into customer opinions and issues. The number of Facebook 'likes' is currently 80,000, up from last year's 72,000. Social media is a very effective customer service channel and an early indicator of emerging issues. It often also allows our customers to answer the queries of others, minimising Park's involvement. Social media also plays an important role in helping to increase orders, as it is used to promote products, post competitions and encourage recommendations to friends and family.

Park is constantly interacting with its customers and monitoring feedback. We regularly commission third party research to keep fully informed regarding customer profiles, requirements and issues. The careful and targeted use of this information allows us to tailor product development and services to match customer expectations. SMS texting is a very effective and inexpensive communication tool and the company sends over one million messages annually to maintain contact and inform its customers.

The information produced by our market and customer research, together with analysing socioeconomic trends, drives our consumer marketing programmes, including our advertising strategy. A six month campaign usually commences in the September of any given year, targeting the festive season in the following year.
The advertising programme is tightly controlled and targeted to maximise the cost benefit and comprises a combination of direct response television, search marketing and effective use of the internet. Our research tells us that printed media and radio no longer offer sufficient reach for us. As a campaign progresses, analysis of customer reaction and order patterns allow us to make adjustments to fine-tune the programme to maximise its effect.

Our corporate business

The corporate business offers an extensive portfolio of tailor-made products and programmes. Customer requirements cover many different areas including, employee benefits, performance recognition awards, motivation programmes and customer loyalty rewards. Park is one of the largest providers of such programmes in the UK, and has been offering market-leading reward and incentive products for well over 20 years. The market we serve has been estimated by the independent UK Gift Card & Voucher Association to be worth in the region of £5bn in 2015, and increased by approximately 6 per cent over the previous year.

During the year

The corporate business made sound progress, increasing billings by approximately £14m, excluding sales to the consumer credit sector. The growth in sales to the incentive and reward market was not sufficient to offset the reduction in demand from the consumer credit sector entirely and consequently total billings were lower at £173.5m (2015 – £176.1m). Operating profit was £6.0m (2015 – £6.5m).

We have reported previously how exposure to the credit sector has influenced the overall results of our corporate business. We have sought to mitigate this impact by building sales in other areas over recent years. Sales to the consumer credit sector were less than £4m this year, a reduction of over £16m on the previous 12 months. We are confident that consumer credit business will not influence Park's future trading, as it now accounts for only one per cent of total billings.

Client retention is a significant measure of our performance as it reflects across all aspects of the business. In the year under review, the overall customer retention level was an impressive 83 per cent, unchanged from that of the previous twelve months. Our sales force is very active in seeking new business while maintaining strong relations with existing customers.

Our e-commerce operations, including highstreetvouchers.com and love2shop.co.uk, continued to advance. These platforms offer customers the convenience and flexibility they require, whilst minimising ongoing involvement from us. Customers expect Park's systems and processes to be available and accessible online at any time so that they can self-manage all aspects of the order process.

Everyday Benefits, our employee voluntary benefit product, delivered another strong performance with billings up more than 36 per cent compared with the previous year. This product enables employers to give their staff a Love2shop card, usually with value already loaded, which can then be used at over 13,000 retail outlets across the UK. A new development allows the user to load additional value online or via a smart device. This feature is particularly attractive to users who, for example, may be in a shop wishing to purchase an item; the convenience of being able to load value instantly and at a discount enables them to complete the transaction quickly and efficiently.

Our performance in the corporate space during the year was acknowledged by the industry. Our Love2shop Business Services division received the prestigious 'Company of the Year' award from the Institute of Promotional Marketing, which recognises excellence and creativity.

Love2shop Holidays, Park's full service travel agency, provides another attractive and convenient outlet for redeeming value embedded in Love2shop prepaid cards and vouchers. This operation has delivered steady growth since it was introduced in 2004 and commission on holiday bookings showed a 7 per cent rise year-on-year, with the number of bookings up by 4 per cent.

Love2shop Holidays also received a pleasing endorsement during the period, as it was awarded 'Independent Travel Agent of the Year' at the 2015 Brit Travel Awards.

Product development

Last year, we completed development and launched 'Engage', a new, completely digital platform for the corporate incentive and reward market. This innovative and cost-effective modular platform allows corporate users to create and control exclusively web and smart device based programmes for their customers or staff. The system can also incorporate any existing schemes each business may be running and provides real-time statistics and information on the uptake and success of a programme.

A further important innovation has been the development of our 'Evolve' product. 'Evolve' was launched in early June 2016 and is an online fully responsive digital reward medium that provides instant and branded gratification to customers and employees alike. Based on the development of digital flexecodes, the system delivers a broad range of choice, offered cost effectively, and if required in a fully branded experience, to large numbers of people.

Our consumer business

Park has been offering the consumer ways to safely budget for Christmas ever since the business was founded, although today's offering is vastly different from our beginnings, in both content and delivery.

The only remaining link with the past is the supply of hampers, which now account for just 2 per cent of total revenue. However, the concept of making weekly contributions over a 45 week period, to ensure that funds are available to spend ahead of the festive season, is still attractive to our customers. The steady prepayment for products over the contribution period allows customers to prepare for the season in a stress-free and confident manner. When the period ends, customers receive their products in whichever form they select. Park's vouchers or prepaid cards, for redemption at more than 20,000 retail outlets, are the preferred option for the majority of customers, while others select hampers or gifts chosen from our extensive catalogue.

Innovation is essential as technology and lifestyle changes drive transformation in the shopping habits of the nation. While the majority of customers spend their vouchers or prepaid cards at retail outlets, an increasing number choose to shop online. The Love2shop Online Gift Card is perfect for those who prefer to order online, giving access to participating retailers' entire range including many special offers only available on their websites.

During the year

The consumer business delivered another year of good growth with billings rising 7.5 per cent to £211.5m (2015 – £196.8m) and operating profit increasing by 15.0 per cent to £6.8m (2015 – £5.9m). Customer numbers increased to 429,000 (2015 – 424,000) while customer accounts rose during the year to 158,000 (2015 – 145,000). More than 64 per cent of new accounts came through our websites, compared with 60 per cent in the previous year. Product distribution was particularly efficient this year and contributed to the high retention rates. The average order size was up 5.6 per cent on the previous year, reaching £489 (2015 – £463).

The annual marketing programme usually ends in February with most orders placed by May, which gives us good visibility on the likely outcome for the coming year. The campaign for the 2016 festive season has now ended and orders are approximately 4 per cent ahead of the same point last year. While a limited number of cancellations are typical, indications are that this will be another year of progress for the business.

An encouraging feature of the year has been the popularity of the 'Combi' offer. This innovative product gives customers two cards; one is our market-leading Love2shop card and the other is for a national retailer, which previously had not been available to our customers. Last year, the scheme was launched with Asda and Morrisons and this year we added Primark and Sainsbury's. Amazon and Tesco have joined for the 2016 season and discussions are ongoing with other major retailers. 'Combi' billings for the year were well ahead of the previous year and are expected to grow further.

Park's relationship with MasterCard, giving users of our 'Anywhere' prepayment card access to outlets accepting MasterCard, is another example of our commitment to innovation. Our research identified that customers were prepared to pay a small premium for the opportunity to shop at outlets that accepted MasterCard and this has been demonstrated by the very large and growing take up of the 'Anywhere' card during the reporting period.

Our business in Ireland, traditionally representing a comparatively small source of revenue, had a challenging year following a rationalisation of the product range with orders reducing to €4.2m (2015 – €4.6m). However, it was encouraging to note that sales of the Love2shop voucher increased by more than 20 per cent compared with the previous year.

The Irish operation affords Park the strategic opportunity to transact business in the Euro currency and while we continue to cautiously examine opportunities to exploit this capability in a wider European context, in the near-to-medium term, the management team is firmly focused and committed to maintaining our growth and success in the UK.

Product development

Our consumer customers regularly enquired as to the availability of a Park mobile app, to make staying in touch with us and learning of our latest products even easier. During the last year we have developed and built an app to service their needs, which is currently undergoing extensive testing. A soft launch to a small number of users is planned for July of this year and we are working toward a full launch in the first quarter of the 2017 calendar year. The app will be beneficial to our customers and also to Park, as the decision to order will be made simpler and more convenient for the consumer, while setting up an account and processing payments will become quicker and easier.

Following launch, we plan to constantly look at ways to update and improve our consumer app so that it brings even more functionality, convenience and choice to our customers in future, developing alongside the customers' requirements.

Summary

It has been another good year for Park as we deliver against all our strategic goals. We continue to see the benefits of investment in our systems and products, while our customers on both the consumer and corporate sides of our business show a sustained and growing enthusiasm for our broad range of products and programmes.

Park has evolved significantly since its beginnings. We have shown agility to stay ahead of trends in customer needs and have embraced the changes which the internet, digital communication and social media have brought to our markets. Our offering has been developed steadily and sensibly and we remain committed to ongoing innovation to bring the best for our customers; in doing so, we safeguard the future growth and success of our business and generate increasing returns for our loyal shareholders.

We will continue to build on our heritage, sustain our momentum and look forward to the future with confidence.

Chris Houghton
Chief Executive Officer
14 June 2016

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 and all online sales.

All other segments comprise central costs and property costs.

Billings have increased when compared to the prior year by 3.3 per cent to £385.0m, with revenue increasing on the same basis by 3.1 per cent to £302.5m. 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:

	2016 £'000	2015 £'000	Change £'000
Consumer	**6,823**	5,933	890
Corporate	**6,013**	6,465	(452)
All other segments	**(2,436)**	(2,710)	274
Operating profit	**10,400**	9,688	712

Operating profit for the year ended 31 March 2016 has increased by £0.7m to £10.4m.

In the consumer business, customer billings have increased by 7.5 per cent to £211.5m. Revenue has also increased by 5.1 per cent to £173.0m. Operating profit at £6.8m has increased by £0.9m from that achieved in the prior year reflecting the improved level of billings in the year. The increase in billings of £14.7m primarily reflects the higher level of customer prepayment orders fulfilled in the UK for Christmas 2015 at £202.5m (Christmas 2014 - £189.3m). Billings in respect of flexecash® cards totalled £38.9m (2015 – £32.5m).

In the corporate business, customer billings have decreased by £2.6m (1.5 per cent) in the year to £173.5m. Revenue has increased by 0.7 per cent to £129.5m. Growth in billings in the incentive sector was again strong, up £5.6m (5.2 per cent) in the year and in the employee benefits sector up £4.5m (44.5 per cent) in the year. In contrast, billings in the credit sector were £16.5m lower than last year. The decline in operating profit of £0.5m to £6.0m reflects a small decline in margins arising from a change in the mix of products sold and an increase in administration costs associated with a growth in marketing and systems based costs. Billings in respect of flexecash® cards totalled £51.7m (2015 – £54.0m).

The decreased costs in other segments of £0.3m from the prior year arises from a reduction in management incentive costs recorded in the income statement.

Total balances peaked at just over £206m in the year, representing an increase of over £17m from last year.

Finance income

Finance income increased to £1.5m from £1.2m reflecting the increase in average total cash held, including that held in trust from almost £121m to £140m. This increase was assisted by the maturing of deposits in the first three months of the year at higher rates of interest than that currently being achieved.

Taxation

The effective tax rate for the year was 18.3 per cent (2015 – 22.3 per cent) of profit before tax. This rate is lower than the standard rate of corporation tax due to the release of an overprovision made in respect of prior year's trading.

Earnings per share

Basic earnings per share (eps) increased to 5.28p from 4.66p.

Dividends

The board has recommended a final dividend of 1.9p per share. An interim dividend of 0.85p per share was paid on 6 April 2016. Subject to approval of the final dividend at the AGM, the total dividend for 2016 will be 2.75p per share representing an increase of 14.6 per cent over the prior year.

Cash flows

At the end of March 2016 £32.7m (2015 – £26.3m) of cash and cash equivalents was held by the group. This would have been £2m higher as monies held within the Park Prepayments Trustee Company Ltd in respect of the Christmas 2015 season was not received by the group until 1 April 2016. A further £0.5m (2015 – £0.5m) was held as deposits with a maturity period of greater than three months but less than 12 months. In addition, £56.1m (2015 – £50.9m) 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 2016, the group held £19.1m (2015 – £14.9m) 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 £104.5m from £89.5m as at 31 March 2015. These total balances peaked at just over £206m in the year, representing an increase of over £17m from last year. This was due to the increased volumes of cash receipts associated with higher level of cash receipts into the Park Prepayments Protection Trust (PPPT) in respect of the consumer business.

Provisions

At the year end, provisions had increased from £43.2m to £44.8m. This was mainly due to a decrease in the provision for unspent vouchers of £0.8m, accompanied by an increase in the amounts provided in respect of flexecash® cards of £2.4m. The value of unspent vouchers included in the provision, arises primarily from sales in the corporate business. Included within provisions is an amount of £20,000 (2015 – £80,000) 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 £8.8m (2015 – £7.4m).

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 2016 has decreased to £0.3m (2015 – £1.3m).

The group has recognised a cost of £146,000 (2015 – £42,000) in the income statement, including an amount of £109,000 in respect of past service costs in relation to the augmentation of pensions in respect of equalisation agreed with the trustees in 2014. In addition the group has recognised re-measurements in the statement of comprehensive income (SOCI) of a gain of £0.4m (2015 – loss of £0.6m) net of tax.

In the year ended 31 March 2016, contributions by the group to the schemes totalled £0.7m (2015 – £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
14 June 2016

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 current liabilities, it has access to funds for working capital from the PPPT for a defined period in the year, although the group has not used this facility in either of the last two years. 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 3 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 19 of the annual report form the Strategic Report. The Strategic Report was approved by the board and signed on its behalf on 14 June 2016.

Chris Houghton
Chief Executive Officer

Chris Houghton
Chief Executive Officer

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.

Martin Stewart
Group Finance Director

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.

Gary Woods
Managing Director, Park Retail Limited

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.

Laura Carstensen
Non-Executive Chairman

Laura was appointed to the board as a non-executive director on 23 September 2013 and became Non-Executive Chairman on 3 June 2016. 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. 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, chairman of the group's nomination committee (from 3 June 2016) and a member of the remuneration committee.

John Dembitz
Non-executive director

John was appointed to the board as a non-executive director on 8 May 2008, as Deputy Chairman on 1 October 2015 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 chairman of Itad, Lee Baron, EAC Management, a non-executive director of Pelican Rouge, The Pensions and Lifetime Savings Association, Winmark, and a member of London Business School's Global Advisory Council. Mr Dembitz was chairman of the nomination committee until 3 June 2016 and remains a member of that committee after that date. He is also a member of the audit and remuneration committees.

Michael De Kare-Silver
Non-executive director

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.

Peter Johnson

Peter is the company's founder and was our Non-Executive Chairman. Peter resigned from this role during the year, his resignation taking effect on 3 June 2016.

The directors submit their report for the year ended 31 March 2016 for Park Group plc, registration number 1711939.

Profit and dividend

The group profit for the financial year, after taxation, was £9.688m (2015– £8.499m).

The directors have declared a dividend as follows:

	£m
Approved interim dividend of 0.85p per share (2015 – 0.80p)	**1.562**
Proposed final dividend of 1.90p per share (2015 – 1.60p)	**3.490**
Total ordinary dividend of 2.75p per share (2015 – 2.40p)	**5.052**

The directors have recommended that the final ordinary dividend be paid on 3 October 2016 to those shareholders on the register on 26 August 2016.

Principal activities

A statement describing the business activities of the company and its subsidiary undertakings is set out on pages 12 to 15 with comments on current developments in the Chairman's Statement on pages 10 to 11. 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 10 to 11 and in the Chief Executive's Review on pages 12 to 15.

Share capital

Issue of new ordinary shares

On 30 September 2015 the company made share awards to certain executive directors and senior employees under the 2009 long term incentive plan (LTIP). The number of shares issued under these awards totalled 1,205,058 ordinary shares awarded at nil cost utilising the employee benefit trust previously established which acquired the shares by way of subscription. The number of shares awarded to executive directors are shown in the Remuneration Report on page 29.

Grant of LTIP awards

On 10 March 2016, 473,000 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.

Employee Share Save Scheme (SAYE)

The directors are eligible to participate in the SAYE, details of which are shown in the Remuneration Report on page 29.

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	%
Schroder plc	28,924,354	15.74
Miton Group PLC	18,775,884	10.22
SFM UK Management LLP	15,660,000	8.52
Henderson Group plc	13,686,660	7.45
Unicorn Asset Management Limited	13,208,797	7.19
BlackRock, Inc.	11,743,593	6.39
Artemis Investment Management LLP	11,311,000	6.16
Norges Bank	8,727,657	4.75
AXA Investment Managers SA	8,500,000	4.63
Investec Asset Management Limited	7,250,000	3.95
Cazenove Capital Management Limited	6,925,875	3.77
The Diverse Income Trust PLC	6,484,087	3.53

Directors and their interests

The directors who were in office during the year ended 31 March 2016, are shown on pages 20 and 21.

Details of directors' and connected persons' share interests in the company are shown in the Remuneration Report on page 28.

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 2016, 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 2016 the group contributed to charity £10,000 (2015 – £10,000). 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 2016 the number of days of parent company purchases outstanding was 14 days (2015 – 10 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
14 June 2016

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 until 3 June 2016), Peter Johnson, Laura Carstensen and Michael de Kare-Silver. Four meetings were held during the year. Laura Carstensen became chairman of the nominations committee on 3 June 2016 and was joined on the committee by Chris Houghton.

The nomination committee's terms of reference 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 are available from the Company Secretary and are displayed on the group's website. The directors' Remuneration Report is set out on pages 27 to 29 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 four 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 are available from the Company Secretary and are displayed on the group's website.

In the financial year to 31 March 2016 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.

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 four 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
John Dembitz	7	4	3	3
Laura Carstensen	7	4	3	4
Michael de Kare-Silver	7	4	3	4
Scheduled meetings	**7**	**4**	**3**	**4**

Senior independent director

The board appointed John Dembitz as Deputy Chairman and he remains 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 20 and 21.

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 20 and 21;
- represents a significant shareholder; or
- has served on the board for more than nine years.

Mr Peter Johnson's resignation as Non-Executive Chairman took effect on 3 June 2016. He performed a number of pro-bono roles and the board is satisfied that these did not interfere with the discharge of his duties. Laura Carstensen became Non-Executive Chairman from that date.

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 any director who was not elected or re-elected at either of the two preceding AGMs will retire from office and be eligible for re-election. As all our current directors have been elected or re-elected within the last two years none require re-election.

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 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.

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 24.

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.

The directors believe that due to the nature of our business 'slavery' is unlikely to be an issue for our suppliers. We deal with reputable suppliers in the UK or the EU only. Nevertheless we are, as part of an ongoing process, amending our standard supplier agreements to insist upon compliance with the Modern Slavery Act 2015 (or its EU equivalent).

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, voluntarily 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 23.

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 SAYE as shown on page 29.

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. The 2015 LTIP was adopted by the remuneration committee on 10 March 2016.

All LTIP awards (with the exception of LTIP 2014) incorporate a market condition (TSR), which is taken into account in the grant date measurement of fair value. LTIP 2014 awarded under the amended plan, does not incorporate a market condition, but includes a non-market condition of aggregate PBT generated over a three year performance period.

Executive directors are also eligible to participate in the SAYE scheme, full details of which are shown in note 22b. Details of options granted in the year in respect of this scheme to individual directors are shown on page 29.

Contracts

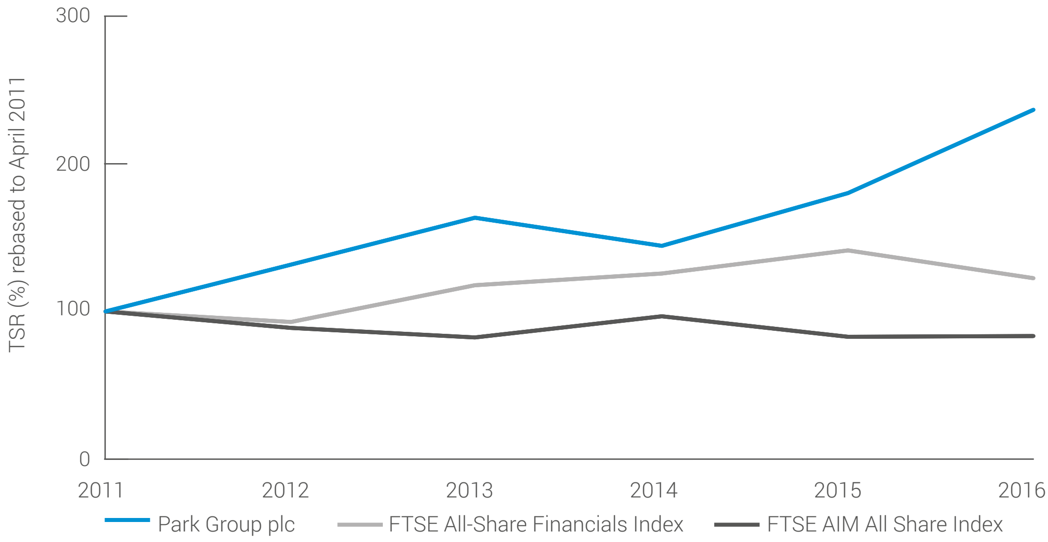
Details of executive directors' service contracts are given on page 20. At the date of this report all contracts had an unexpired term of 12 months. No contract provides for compensation payments on loss of office.

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 his own remuneration.

Total shareholder return (TSR)

The following graph charts the total cumulative shareholder return of the company since 1 April 2011, 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 2016 were:

	Salary or fees £'000	Performance related payments £'000	Benefits £'000	Total 2016 £'000	Total 2015 £'000	Pension costs 2016 £'000	Pension costs 2015 £'000
Executive							
C Houghton	225	–	77	**302**	424	**–**	–
M R Stewart	185	–	51	**236**	313	**13**	40
G A Woods	185	–	67	**252**	355	**–**	–
	595	–	195	**790**	1,092	**13**	40
Non-executive							
P R Johnson	62	–	3	**65**	64	**–**	–
J Dembitz	50	–	–	**50**	49	**–**	–
L Carstensen	43	–	–	**43**	42	**–**	–
M de Kare-Silver	43	–	–	**43**	42	**–**	–
	198	–	3	**201**	197	**–**	–
	793	–	198	**991**	1,289	**13**	40

Directors' share interests

The beneficial interests in the share capital of the company of the directors in office at 31 March 2016 and connected persons were as follows:

	Beneficial shareholding 31 March 2016	Beneficial shareholding 31 March 2015
P R Johnson	**–**	45,546,066
C Houghton	**1,290,192**	1,154,712
M R Stewart	**862,363**	862,363
G A Woods	**989,470**	877,857
J Dembitz	**100,000**	100,000
L Carstensen	**8,810**	8,810
M de Kare-Silver	**5,000**	5,000

Directors' share options

The individual interests of the executive directors under the SAYE is as follows:

	SAYE – options over ordinary shares					
	31 March 2016	Granted in the year	31 March 2015	Exercise price	Date exercisable	Expiry date
C Houghton	**31,746**	31,746	–	56.7p	01.08.18	01.02.19
M R Stewart	**31,746**	31,746	–	56.7p	01.08.18	01.02.19
G A Woods	**31,746**	31,746	–	56.7p	01.08.18	01.02.19

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 2016	Granted in the year	Exercised in the year	Expired in the year	31 March 2015	Year[5] exercisable
C Houghton	**–**	–	(257,933)	(67,658)	325,591	2015[1]
	280,067	–	–	–	280,067	2016[2]
	418,235	–	–	–	418,235	2017[3]
	98,000	98,000	–	–	–	2018[4]
M R Stewart	**–**	–	(212,494)	(55,739)	268,233	2015[1]
	230,712	–	–	–	230,712	2016[2]
	344,532	–	–	–	344,532	2017[3]
	81,000	81,000	–	–	–	2018[4]
G A Woods	**–**	–	(212,494)	(55,739)	268,233	2015[1]
	230,712	–	–	–	230,712	2016[2]
	344,532	–	–	–	344,532	2017[3]
	81,000	81,000	–	–	–	2018[4]

1 Subject to performance criteria as set out in LTIP plan dated 19 July 2012.
2 Subject to performance criteria as set out in LTIP plan dated 18 July 2013.
3 Subject to performance criteria as set out in LTIP plan dated 05 Feb 2015.
4 Subject to performance criteria as set out in LTIP plan dated 10 Mar 2016.
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.

Share price information is given in note 22a to the accounts.

There were no changes to directors' interests in shares between 31 March 2016 and the date of this report, other than Laura Carstensen who increased her shareholding to 9,200 shares on 12 April 2016.

On behalf of the board

M de Kare-Silver
Chairman of the Remuneration Committee
Birkenhead
14 June 2016

To the members of Park Group plc

We have audited the financial statements of Park Group plc for the year ended 31 March 2016 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 28.

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 26, 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 2016 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.

Stuart Watson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Liverpool
14 June 2016

Consolidated Income Statement
For the year to 31 March 2016

	Notes	2016 £'000	2015 £'000
Billings		**385,031**	372,887
Revenue	1	**302,545**	293,329
Cost of sales		**(274,060)**	(265,966)
Gross profit		**28,485**	27,363
Distribution costs		**(2,909)**	(2,761)
Administrative expenses		**(15,176)**	(14,914)
Operating profit		**10,400**	9,688
Finance income	3	**1,523**	1,246
Finance costs	3	**(66)**	(1)
Profit before taxation	1,2	**11,857**	10,933
Taxation	4	**(2,169)**	(2,434)
Profit for the year attributable to equity holders of the parent		**9,688**	8,499
Earnings per share	5		
– basic		**5.28p**	4.66p
– diluted		**5.18p**	4.60p

All activities derive from continuing operations.

Consolidated Statement of Comprehensive Income
For the year to 31 March 2016

	2016 £'000	2015 £'000
Profit for the year	**9,688**	8,499
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit pension schemes	**533**	(731)
Deferred tax on defined benefit pension schemes	**(96)**	146
	437	(585)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation differences	**(21)**	17
Other comprehensive income for the year net of tax	**416**	(568)
Total comprehensive income for the year	**10,104**	7,931

Statements of Financial Position

As at 31 March 2016

	Notes	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Assets					
Non-current assets					
Goodwill	6	**1,320**	1,320	**–**	–
Other intangible assets	7	**3,036**	3,168	**63**	82
Investments	8	**–**	8	**7,963**	7,972
Investment property	9	**–**	–	**–**	–
Property, plant and equipment	10	**8,003**	8,143	**692**	673
Deferred tax assets	11	**–**	–	**62**	–
Retirement benefit asset	20	**1,390**	1,293	**1,390**	1,293
		13,749	13,932	**10,170**	10,020
Current assets					
Inventories	12	**2,182**	3,186	**–**	–
Trade and other receivables	13	**8,729**	11,212	**7,702**	6,624
Tax receivable		**–**	–	**–**	411
Other financial assets	14	**500**	500	**–**	–
Monies held in trust	15	**75,219**	65,728	**–**	–
Cash and cash equivalents	16	**32,735**	26,333	**31,368**	25,447
Assets held for sale	17	**–**	39	**–**	–
		119,365	106,998	**39,070**	32,482
Total assets		**133,114**	120,930	**49,240**	42,502
Liabilities					
Current liabilities					
Trade and other payables	18	**(79,022)**	(73,569)	**(34,737)**	(26,471)
Tax payable		**(1,019)**	(1,435)	**–**	–
Provisions	19	**(44,767)**	(43,186)	**(20)**	(80)
		(124,808)	(118,190)	**(34,757)**	(26,551)
Non-current liabilities					
Deferred tax liability	11	**(181)**	(273)	**–**	(159)
Retirement benefit obligation	20	**(1,700)**	(2,634)	**–**	–
		(1,881)	(2,907)	**–**	(159)
Total liabilities		**(126,689)**	(121,097)	**(34,757)**	(26,710)
Net assets/(liabilities)		**6,425**	(167)	**14,483**	15,792
Equity attributable to equity holders of the parent					
Share capital	22a	**3,674**	3,650	**3,674**	3,650
Share premium		**6,132**	6,132	**6,132**	6,132
Retained earnings		**(3,070)**	(9,638)	**4,677**	6,010
Other reserves		**(311)**	(311)	**–**	–
Total equity		**6,425**	(167)	**14,483**	15,792

Approved by the board of directors and signed on its behalf on 14 June 2016.

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 2015	3,650	6,132	(311)	(9,638)	(167)	–	(167)
Total comprehensive income for the year							
Profit	–	–	–	9,688	9,688	–	9,688
Other comprehensive income							
Remeasurement of defined benefit pension schemes	–	–	–	533	533	–	533
Tax on defined benefit pension schemes	–	–	–	(96)	(96)	–	(96)
Foreign exchange translation adjustments	–	–	–	(21)	(21)	–	(21)
Total other comprehensive income	–	–	–	416	416	–	416
Total comprehensive income for the year	–	–	–	10,104	10,104	–	10,104
Transactions with owners, recorded directly in equity							
Equity settled share-based payment transactions including tax	–	–	–	868	868	–	868
LTIP shares awarded	24	–	–	(24)	–	–	–
Dividends	–	–	–	(4,380)	(4,380)	–	(4,380)
Total contributions by and distribution to owners	24	–	–	(3,536)	(3,512)	–	(3,512)
Balance at 31 March 2016	**3,674**	**6,132**	**(311)**	**(3,070)**	**6,425**	**–**	**6,425**
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	–	–	(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)

Company Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total parent equity £'000
Balance at 1 April 2015	3,650	6,132	6,010	15,792
Total comprehensive income for the year				
Profit	–	–	2,159	2,159
Other comprehensive income				
Remeasurement of defined benefit pension scheme	–	–	54	54
Tax on defined benefit pension scheme	–	–	(10)	(10)
Total other comprehensive income	–	–	44	44
Total comprehensive income for the year	–	–	2,203	2,203
Transactions with owners, recorded directly in equity				
Equity settled share-based payment transactions including tax	–	–	868	868
LTIP shares awarded	24	–	(24)	–
Dividends	–	–	(4,380)	(4,380)
Total contributions by and distribution to owners	24	–	(3,536)	(3,512)
Balance at 31 March 2016	**3,674**	**6,132**	**4,677**	**14,483**
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

Statements of Cash Flows
For the year to 31 March 2016

	Notes	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Cash flows from operating activities					
Cash generated from operations	24	**12,184**	14,106	**7,054**	9,030
Interest received		**1,405**	1,177	**127**	152
Interest paid		**(66)**	(1)	**(66)**	(1)
Tax paid		**(2,490)**	(2,132)	**(2,489)**	(2,132)
Net cash generated from operating activities		**11,033**	13,150	**4,626**	7,049
Cash flows from investing activities					
Sale of investment property and assets held for sale		**43**	41	**–**	–
Proceeds from sale of investments		**9**	–	**8**	–
Dividends received from group companies		**–**	–	**6,000**	7,000
Purchase of intangible assets		**(599)**	(212)	**(25)**	(25)
Purchase of property, plant and equipment		**(527)**	(385)	**(340)**	(199)
Net cash (used in)/generated from investing activities		**(1,074)**	(556)	**5,643**	6,776
Cash flows from financing activities					
Dividends paid to shareholders		**(4,380)**	(4,198)	**(4,380)**	(4,198)
Net cash used in financing activities		**(4,380)**	(4,198)	**(4,380)**	(4,198)
Net increase in cash and cash equivalents		**5,579**	8,396	**5,889**	9,627
Cash and cash equivalents at beginning of period		**23,238**	14,842	**25,447**	15,820
Cash and cash equivalents at end of period		**28,817**	23,238	**31,336**	25,447
Cash and cash equivalents comprise:					
Cash	16	**32,735**	26,333	**31,368**	25,447
Bank overdrafts	18	**(3,918)**	(3,095)	**(32)**	–
		28,817	23,238	**31,336**	25,447

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 12 to 15 of the Strategic Report. The financial position of the group, its cash flows, liquidity and solvency position and financial risks are described on pages 16 to 19 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 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:

IAS 19	Defined Benefit Plans: Employee Contributions (amendment)

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 2016 and have not been applied in preparing the financial statements. Those standards that have relevance to the group are mentioned below:

		Effective from:
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
IAS 7	Disclosure Initiative (amendment)	1 Jan 2017
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (amendment)	1 Jan 2018
IFRS 9	Financial Instruments	1 Jan 2018
IFRS 16	Leases	1 Jan 2019

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 2016.

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. 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 of vouchers, 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.

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.

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 monte-carlo simulation and 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 (£0.18m deferred tax liability, current tax liability £1.02m)

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 (£44.75m unredeemed vouchers and corporate gifted cards)

Unredeemed vouchers and cards

A provision is made in respect of unredeemed vouchers and cards of £44.75m. 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.

Key judgements and estimates continued

Goodwill (£1.32m) and other intangible assets (£3.04m)

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 £0.21m. 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 (£1.39m surplus, £1.70m 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.

1 Segmental reporting

Details of operating segments can be found on page 16 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.

2016	Consumer £'000	Corporate £'000	All other segments £'000	Elimination £'000	Group £'000
Billings					
External billings	211,522	173,509	–	–	385,031
Inter-segment billings	–	143,152	–	(143,152)	–
Total billings	211,522	316,661	–	(143,152)	385,031
Revenue					
External revenue	173,045	129,500	–	–	302,545
Inter-segment revenue	–	143,152	–	(143,152)	–
Total revenue	173,045	272,652	–	(143,152)	302,545
Results					
Segment operating profit/(loss)	6,823	6,013	(2,436)		10,400
Finance income					1,523
Finance costs					(66)
Profit before taxation					11,857
Taxation					(2,169)
Profit					9,688

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

	Consumer £'000	Corporate £'000	All other segments £'000	Group £'000
Segment assets	74,608	23,670	34,836	133,114
Segment liabilities	64,402	57,695	4,592	126,689
Other segment items				
Capital expenditure	277	250	–	527
Depreciation	401	266	–	667
Other intangible asset additions	268	331	–	599
Amortisation of other intangible assets	278	437	–	715
Impairment of other intangible assets	5	8	–	13

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

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 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.

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 2016.

2 Profit before taxation

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

	2016 £'000	2015 £'000
Staff costs	**12,768**	12,313
Cost of inventories recognised as an expense (included in cost of sales)	**56,184**	41,443
Write down/(back) of inventories recognised as an expense/(income) (included in cost of sales)	**22**	(13)
Depreciation of property, plant and equipment and investment property	**667**	679
Impairment of investment property	**–**	95
Amortisation of other intangibles	**715**	818
Impairment of other intangibles	**13**	16
Impairment of assets held for sale	**–**	14
Other operating leases payable:		
– plant and machinery	**38**	38
– property	**36**	37
Repairs and maintenance on property, plant and equipment	**437**	474

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:

	2016 £'000	2015 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	**45**	38
Fees payable to the company's auditor and its associates for other services:		
– audit of subsidiaries and associates pursuant to legislation	**64**	61
– other services pursuant to legislation	**12**	11
– other services	**8**	2
	129	112

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

	2016 £'000	2015 £'000
Finance income:		
Bank interest receivable	**1,518**	1,245
Other interest receivable	**5**	1
	1,523	1,246
Finance costs:		
Other interest payable	**66**	1

4 Taxation

	2016		2015	
	£'000	£'000	£'000	£'000
Analysis of income statement charge in period				
Current tax	2,408		2,270	
Adjustments to current tax in respect of prior periods	(165)		39	
		2,243		2,309
Deferred tax	(125)		109	
Adjustments to deferred tax in respect of prior periods	51		16	
		(74)		125
Taxation		2,169		2,434
Tax charged/(credited) directly to other comprehensive income				
Deferred tax on actuarial losses on defined benefit pension plans		96		(146)
Tax credited directly to equity				
Corporation tax on share options		(123)		–
Deferred tax on share options		(114)		–
		(237)		–

The tax for the period is lower (2015 – higher) than the standard rate of corporation tax in the UK of 20 per cent (2015 – 21 per cent). The differences are explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	11,857	10,933
Expected tax charge at 20 per cent (2015 – 21 per cent)	2,371	2,296
Effects of:		
Adjustments to tax in respect of prior periods	(114)	55
Expenses not deductible for tax purposes	8	56
Share based payment relief	(62)	32
Effect of rate change on current year deferred tax	(34)	(5)
Total taxation	2,169	2,434

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:

	2016 £'000	2015 £'000
Earnings		
Total earnings for year	**9,688**	8,499

	2016	2015
Weighted average number of shares		
Basic eps – weighted average number of shares	**183,658,227**	182,501,219
Diluting effect of employee share options and LTIP awards	**3,544,265**	2,202,818
Diluted eps – weighted average number of shares	**187,202,492**	184,704,037

	2016	2015
Basic eps		
Weighted average number of ordinary shares in issue	**183,658,227**	182,501,219
Eps (p)	**5.28**	4.66

	2016	2015
Diluted eps		
Weighted average number of ordinary shares	**187,202,492**	184,704,037
Eps (p)	**5.18**	4.60

6 Goodwill

Group

	£'000
Deemed cost	
At 31 March 2015 and 2016	**4,166**
Impairment	
At 31 March 2015 and 2016	**2,846**
Net book amount	
At 31 March 2015 and 2016	**1,320**

	£'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

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 2015 £'000	Impairment £'000	Goodwill at 31 March 2016 £'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 (2015 – nil).

The resulting cash flows were discounted using a pre-tax discount rate of 7 per cent (2015 – 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 2015	8,199	2,350	10,549
Additions – internally developed assets	275	–	275
Additions – externally purchased assets	324	–	324
Disposals	(4)	–	(4)
At 31 March 2016	**8,794**	**2,350**	**11,144**
Amortisation and impairment			
At 1 April 2015	5,313	2,068	7,381
Amortisation charge for the year	642	73	715
Impairment	13	–	13
Disposals	(1)	–	(1)
At 31 March 2016	**5,967**	**2,141**	**8,108**
Net book amount			
At 31 March 2016	**2,827**	**209**	**3,036**
At 31 March 2015	2,886	282	3,168
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

7 Other intangible assets continued

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.

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 2015	2,240
Additions	25
At 31 March 2016	**2,265**
Amortisation and impairment	
At 1 April 2015	2,158
Amortisation charge for the year	44
At 31 March 2016	**2,202**
Net book amount	
At 31 March 2016	**63**
At 31 March 2015	82
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

8 Investments

Group

	Other investment £'000
Cost	
At 1 April 2015	8
Disposals	(8)
At 31 March 2016	**–**
Provisions	
At 31 March 2016	**–**
Net book amount	
At 31 March 2016	**–**
At 31 March 2015	8

Company

	Shares in subsidiary undertakings £'000	Other investment £'000	Total £'000
Cost			
At 1 April 2015	8,524	8	8,532
Disposals	–	(8)	(8)
At 31 March 2016	**8,524**	**–**	**8,524**
Provisions			
At 1 April 2015	560	–	560
Increase in year	1	–	1
At 31 March 2016	**561**	**–**	**561**
Net book amount			
At 31 March 2016	**7,963**	**–**	**7,963**
At 31 March 2015	7,964	8	7,972

8 Investments continued

At 31 March 2016 the parent company's subsidiary undertakings included in the consolidation were:

Name of company	Nature of business
Park Group UK Limited[1]	Holding company
Park Retail Limited[2]	Mail order and cash savings operations
Park Christmas Savings Club Limited[2]	Mail order agency cash savings
Country Christmas Savings Club Limited[2]	Mail order agency cash savings
Family Christmas Savings Club Limited[1]	Mail order agency cash savings
Handling Solutions Limited[2]	Contract packing
High Street Vouchers Limited[2]	Voucher sales
Budworth Properties Limited[2]	Property management
Park Direct Credit Limited[2]	Cash lending and debt collection services
Park Travel Service Limited[1]	Travel agency
Park Financial Services Limited[2]	Insurance broking services
Park Card Services Limited[1]	Electronic money issuer
Park Card Marketing Services Limited[1]	Card administration support services
MaximB2B Limited[3]	Sales and marketing
Agency Administration Limited[2]	Dormant company
Cheshire Bank Limited[2]	Dormant company
Cheshire Securities Limited[2]	Dormant company
Christmas Moneybox Limited[1]	Dormant company
Country Hampers Limited[1]	Dormant company
Family Hampers Limited[1]	Dormant company
Flexesaver Limited[1]	Dormant company
Getaway Club Limited[1]	Dormant company
Heritage Hampers Limited[2]	Dormant company
Home Farm Hampers Limited[3]	Dormant company
Last Minute Cash Limited[1]	Dormant company
Low Cost Cover Limited[1]	Dormant company
Online Solutions Limited[1]	Dormant company
Opal Finance Limited[1]	Dormant company
Opal Loans Limited[4]	Dormant company
Park.com Limited[1]	Dormant company
Park Connect Limited[5]	Dormant company
Park Direct Insurance Services Limited[1]	Dormant company
Park Food (Warrington) Limited[1]	Dormant company
Park Group Secretaries Limited[1]	Dormant company
Park Hamper Company Limited[1]	Dormant company
Park Marketing Services Limited[1]	Dormant company
Park Online Limited[1]	Dormant company
Park Premier Services Limited[2]	Dormant company
Premier Credit Services Limited[1]	Dormant company
Premier Direct Credit Limited[1]	Dormant company
Premier Fast Cash Limited[1]	Dormant company
The Perfect Hamper Co. Limited[2]	Dormant company
Wirral Cold Store Limited[2]	Dormant company

1 Wholly owned subsidiary undertakings of Park Group plc.
2 Wholly owned subsidiary undertakings of Park Group UK Limited.
3 Wholly owned subsidiary undertakings of Park Retail Limited.
4 Park Group UK Limited direct holding represents 70 per cent and subsidiary undertakings direct holdings represent 30 per cent of issued share capital.
5 Park Group plc direct holding represents 1 per cent and Park Group UK Limited direct holdings represent 99 per cent of issued share capital.

All of the above companies are registered in England.

9 Investment property

Group

	2016 £'000	2015 £'000
Cost		
At 1 April	–	296
Transfer to assets held for sale	–	(296)
At 31 March	–	–
Accumulated depreciation		
At 1 April	–	103
Charge in year	–	4
Impairment	–	95
Transfer to assets held for sale	–	(202)
At 31 March	–	–
Net book amount at 31 March	–	–

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

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. As a result, the properties were reclassified in the prior year 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 2015	15,636	6,718	22	22,376
Additions at cost	–	527	–	527
At 31 March 2016	**15,636**	**7,245**	**22**	**22,903**
Accumulated depreciation				
At 1 April 2015	8,474	5,737	22	14,233
Charge in year	234	433	–	667
At 31 March 2016	**8,708**	**6,170**	**22**	**14,900**
Net book amount				
At 31 March 2016	**6,928**	**1,075**	**–**	**8,003**
At 31 March 2015	7,162	981	–	8,143
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

10 Property, plant and equipment continued

Company

	Land and buildings £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 1 April 2015	31	4,836	4,867
Additions at cost	–	339	339
At 31 March 2016	**31**	**5,175**	**5,206**
Accumulated depreciation			
At 1 April 2015	31	4,163	4,194
Charge in year	–	320	320
At 31 March 2016	**31**	**4,483**	**4,514**
Net book amount			
At 31 March 2016	**–**	**692**	**692**
At 31 March 2015	–	673	673
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

11 Deferred tax

Group

	2016 £'000	2015 £'000
Deferred tax asset	**322**	284
Deferred tax liability	**(503)**	(557)
Net deferred tax liability	**(181)**	(273)

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.

The rate of corporation tax was reduced to 19 per cent from 1 April 2017 and to 18 per cent from 1 April 2020 in the budget of July 2015 and the rate change was substantively enacted on 26 October 2015. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20 per cent, 19 per cent or 18 per cent depending on when the temporary differences are expected to reverse (2015 – 20 per cent).

The movement on the deferred tax account is shown below:

	2016 £'000	2015 £'000
At 1 April	**(273)**	(294)
Income statement credit/(charge)	**74**	(125)
Statement of comprehensive income (charge)/credit	**(96)**	146
Amounts credited directly to equity	**114**	–
At 31 March	**(181)**	(273)

11 Deferred tax continued

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 (2015 – £20,624,000) and on capital losses of £2,038,000 (2015 – £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 2015	(557)	(557)
Credited to income statement	54	54
At 31 March 2016	**(503)**	**(503)**
At 1 April 2014	(538)	(538)
Charged to income statement	(19)	(19)
At 31 March 2015	(557)	(557)

Deferred tax assets	Retirement benefit obligation £'000	Share options £'000	Total £'000
At 1 April 2015	268	16	284
(Charged)/credited to income statement	(116)	136	20
Charged to statement of comprehensive income	(96)	–	(96)
Credited to equity	–	114	114
At 31 March 2016	**56**	**266**	**322**
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

Company

	2016 £'000	2015 £'000
Deferred tax asset	**311**	99
Deferred tax liability	**(249)**	(258)
Net deferred tax asset/(liability)	**62**	(159)

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.

The rate of corporation tax was reduced to 19 per cent from 1 April 2017 and to 18 per cent from 1 April 2020 in the budget of July 2015 and the rate change was substantively enacted on 26 October 2015. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 20 per cent, 19 per cent or 18 per cent depending on when the temporary differences are expected to reverse (2015 – 20 per cent).

The movement on the deferred tax account is shown below:

	2016 £'000	2015 £'000
At 1 April	**(159)**	94
Income statement credit/(charge)	**117**	(23)
Statement of comprehensive income charge	**(10)**	(230)
Amounts credited directly to equity	**114**	–
At 31 March	**62**	(159)

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 (2015 – £440,000).

11 Deferred tax continued

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

Deferred tax liabilities	Retirement benefit obligation £'000	Total £'000
At 1 April 2015	(258)	(258)
Credited to income statement	19	19
Charged to statement of comprehensive income	(10)	(10)
At 31 March 2016	**(249)**	**(249)**
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)

Deferred tax assets	Property, plant and equipment £'000	Share options £'000	Total £'000
At 1 April 2015	83	16	99
(Charged)/credited to income statement	(38)	136	98
Credited to equity	–	114	114
At 31 March 2016	**45**	**266**	**311**
At 1 April 2014	119	–	119
(Charged)/credited to income statement	(36)	16	(20)
At 31 March 2015	83	16	99

12 Inventories

Group

	2016 £'000	2015 £'000
Raw materials	**196**	321
Finished goods	**1,986**	2,865
	2,182	3,186

The cost of inventories recognised as an expense in the year is £56,184,000 (2015 – £41,443,000).

The write down of inventories recognised as an expense in the period is £22,000 (2015 – reduction of write down of inventories credited to the income statement in the period £13,000).

13 Trade and other receivables

Group

Current assets	**2016 £'000**	2015 £'000
Trade receivables	**6,233**	6,693
Less: Provision for impairment of receivables	**–**	(39)
Trade receivables – net	**6,233**	6,654
Other receivables	**1,622**	3,685
Prepayments	**874**	873
	8,729	11,212

Of the trade receivables net balance above, £6,016,000 is due within one month, with the remaining £217,000 falling due in more than one but less than three months. Other receivables are due within one month.

Credit quality of trade receivables	**2016 £'000**	2015 £'000
Neither past due nor impaired	**4,892**	4,875
Past due but not impaired	**1,341**	1,779
Past due and impaired	**–**	39
Total	**6,233**	6,693

13 Trade and other receivables continued

The group has charged £nil in respect of the provision for impairment of receivables during the year (2015 – credited £13,000).

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

	2016 £'000	2015 £'000
At 1 April	(39)	(82)
Additional provisions	–	(1)
Amounts used	39	31
Amounts recovered	–	13
At 31 March	–	(39)

Company

	2016 £'000	2015 £'000
Receivables from subsidiaries	6,671	5,348
Other receivables	448	508
Prepayments	583	768
	7,702	6,624

Other receivables are due within one month.

14 Other financial assets

Group

	2016 £'000	2015 £'000
Bank deposit	500	500

This comprises a deposit with a bank which has a maturity date of 18 November 2016 (2015 – maturity date 18 November 2015). 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.

15 Monies held in trust

Group

	2016 £'000	2015 £'000
Park Prepayments Protection Trust	56,128	50,861
E money Trust	19,091	14,867
Monies held in trust	75,219	65,728

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.

15 Monies held in trust continued

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 two 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

	2016 £'000	2015 £'000
Cash at bank and in hand	**32,735**	26,333

All cash held at bank at 31 March 2016 and at 31 March 2015, had a maturity date of less than one month.

Company

	2016 £'000	2015 £'000
Cash at bank and in hand	**31,368**	25,447

All cash held at bank at 31 March 2016 and at 31 March 2015, had a maturity date of less than one month.

17 Assets held for sale

Group

	2016 £'000	2015 £'000
At 1 April	**39**	–
Transferred from investment property	**–**	94
Disposal	**(39)**	(41)
Impairment	**–**	(14)
At 31 March	**–**	39

The remaining property at County Road, Walton was sold during the year and completed on 28 August 2015 for a cash consideration of £43,000 (less costs to sell).

18 Trade and other payables

Group

	2016 £'000	2015 £'000
Bank overdraft	**3,918**	3,095
Trade payables	**56,049**	51,972
Payables in respect of cards and vouchers	**13,982**	13,161
Other taxes and social security payable	**1,523**	1,525
Other payables	**2,336**	1,260
Accruals and deferred income	**1,214**	2,556
	79,022	73,569

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:

	2016 £'000	2015 £'000
Not later than one month	**69,749**	64,628
Later than one month and not later than three months	**282**	505
	70,031	65,133

Trade payables include agents' prepayments for products that will be supplied prior to Christmas 2016. 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.

18 Trade and other payables continued

Company

	2016 £'000	2015 £'000
Bank overdraft	**32**	–
Trade payables	**122**	81
Other taxes and social security payable	**117**	114
Payables to subsidiaries	**34,245**	25,632
Other payables	**119**	98
Accruals and deferred income	**102**	546
	34,737	26,471

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 2015	37,207	(528)	36,679	6,521	(94)	6,427	80	43,186
Arising on vouchers/cards despatched in period at date of despatch	32,505	(484)	32,021	7,745	(65)	7,680	–	39,701
Increase in provision arising from the unwind of the discount recorded on initial recognition	–	667	667	–	84	84	–	751
Release of payment protection insurance provision in period	–	–	–	–	–	–	(33)	(33)
Vouchers/cards issued in prior periods, utilised in current period	(33,446)	–	(33,446)	(5,365)	–	(5,365)	–	(38,811)
Payment protection insurance provision used in period	–	–	–	–	–	–	(27)	(27)
At 31 March 2016	**36,266**	**(345)**	**35,921**	**8,901**	**(75)**	**8,826**	**20**	**44,767**

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.

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 2015	80
Release of payment protection insurance provision in period	(33)
Payment protection insurance provision used in period	(27)
At 31 March 2016	**20**

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 IAS19 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 2016. There have been no changes in the valuation methodology adopted for this years 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	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Present value of pension obligation	**(17,670)**	(18,713)	**(1,631)**	(1,772)
Fair value of scheme assets	**17,360**	17,372	**3,021**	3,065
Net pension (liability)/surplus	**(310)**	(1,341)	**1,390**	1,293
– comprising schemes in asset surplus	**1,390**	1,293	**1,390**	1,293
– comprising schemes in asset deficit	**(1,700)**	(2,634)	**–**	–

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.

The amounts recognised in the income statement are as follows:

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Past service cost	**109**	–	**–**	–
Net interest cost	**37**	42	**(42)**	(6)
Components of defined benefit costs recognised in the income statement	**146**	42	**(42)**	(6)

The past service cost relates to the impact of the augmentation to pensions in payment due to the change in the equalisation date from 17 May 1990 to 1 August 1991 in line with the scheme funding valuation completed for the trustees as at 31 March 2013. This rectification for pensions in payment was agreed in July 2014 and amendments to pensions in payment were made on 30 June 2015.

The costs are all recognised within administration expenses in the income statement.

20 Retirement benefit obligation continued

Analysis of amount to be recognised in the SOCI:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Return on scheme assets	(656)	1,382	(42)	413
Experience gains and (losses) arising on the defined benefit obligation	255	981	42	923
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	–	–	–	–
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	934	(3,094)	54	(184)
Remeasurements of defined benefit schemes recognised in the SOCI	533	(731)	54	1,152

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	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Equities	7,759	7,934	–	–
Diversified growth assets (DGA)	2,180	2,192	–	–
Gilts	2,968	3,039	2,968	3,039
Corporate bonds	3,025	2,933	–	–
Property	1,290	1,161	–	–
Cash and other	138	113	53	26
Total assets	17,360	17,372	3,021	3,065

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	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Fair value of scheme assets at the start of the period	17,372	15,096	3,065	2,617
Interest income	574	698	99	118
Return on scheme assets	(656)	1,382	(42)	413
Contributions by employer	643	653	–	9
Contributions by employees	–	–	–	–
Benefits paid	(573)	(457)	(101)	(92)
Fair value of plan assets at the end of the period	17,360	17,372	3,021	3,065

Actual return on scheme assets for the year to 31 March 2016 was (£139,000) for the PG scheme and £57,000 for the PF scheme.

Present value of obligations:

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

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Opening defined benefit obligation	18,713	16,317	1,772	2,491
Interest cost	610	740	56	112
Actuarial gains due to scheme experience	(255)	(981)	(42)	(923)
Actuarial gains due to changes in demographic assumptions	–	–	–	–
Actuarial (gains)/losses due to changes in financial assumptions	(934)	3,094	(54)	184
Benefits paid	(573)	(457)	(101)	(92)
Past service cost	109	–	–	–
Closing defined benefit obligation	17,670	18,713	1,631	1,772

The average duration of the defined benefit obligation at 31 March 2016 is 18 years for the PG scheme and 11 years for the PF scheme.

20 Retirement benefit obligation continued

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.

	2016 % per annum	2015 % per annum
Financial and related actuarial assumptions:		
Discount rate	**3.60**	3.30
Inflation (RPI)	**3.20**	3.20
Inflation (CPI)	**2.20**	2.20
Future salary increases*	**2.20**	2.20
Allowance for revaluation of deferred pensions of CPI or 5% pa if less*	**2.20**	2.20
Allowance for revaluation of deferred pensions of CPI or 2.5% pa if less*	**2.20**	2.20
Allowance for pension in payment increases of CPI or 3% pa if less*	**2.20**	2.20
Allowance for pension in payment increases of CPI or 2.5% pa if less*	**2.20**	2.20
Allowance for pension in payment increases of RPI or 5% pa if less*	**2.20**	2.20
Allowance for pension in payment increases of RPI or 8.5% pa if less**	**3.20**	3.20
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:

	2016 Years	2015 Years
Life expectancy at age 65 for:		
Male – current pensioners	**22.3**	22.2
Female – current pensioners	**24.6**	24.5
Male – current members aged 45	**23.7**	23.6
Female – current members aged 45	**26.1**	26.1

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 4.5%
Rate of inflation	increase of 0.25% pa	increase by 2.9%
Rate of salary growth	increase of 0.25% pa	increase by 0.8%
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 2.7%
Rate of inflation	increase of 0.25% pa	increase by 2.7%
Rate of mortality	increase in life expectancy of 1 year	increase by 4.0%

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 2016. 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 £20,000 in the year. The best estimate of contributions to be paid to the PF scheme is £nil per annum.

20 Retirement benefit obligation continued

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 NEST, 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 2016 was £743,000 (2015 – £693,000) for the defined contribution pension schemes. At 31 March 2016, contributions of £62,000 (2015 – £57,000) 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

	2016 £'000	2015 £'000
Wages and salaries	10,114	10,254
Social security costs	1,084	1,036
Other pension costs	889	735
Share-based payments	631	235
Other benefits	50	53
	12,768	12,313

Average monthly number of people (including executive directors) employed

	2016 Number	2015 Number
Consumer	200	183
Corporate	133	120
All other segments	11	11
Average number employed	344	314

Key management compensation

	2016 £'000	2015 £'000
Salaries and short term employee benefits	991	1,289
Post-employment benefits	13	40
Gain on exercise of share options and LTIPs	478	–
Share-based payments	340	132
	1,822	1,461

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 28.

22a Share capital

Group and Company

	No of shares	£'000
Authorised: Ordinary shares of 2p each		
At 31 March 2015 and 2016	**195,000,000**	**3,900**
Allotted, called up and fully paid		
At 1 April 2015	182,501,219	3,650
LTIP shares awarded	1,205,058	24
At 31 March 2016	**183,706,277**	**3,674**

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 can be subject to new performance targets using aggregate profit before tax ('PBT') generated over a three year performance period.

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 year ended 31 March 2014 leaving no outstanding options. No further awards have been made.

SAYE:
This scheme is open to all employees. Under this scheme employees enter into a savings contract for a period of three years and agree to save a regular amount each month between £5 and £500. Options are granted on commencment of the contract and exercisable using the amount saved under the contract at the time it terminates. Options under the scheme are granted at a discount of 10% to the market price at the start of the contract and are not subject to performance conditions.

Exercise of options is subject to continued employment. Options lapse if an individual leaves the company by resigning or if they choose to stop paying into their savings accounts. In either instance they can withdraw their money they have already saved but cannot exercise their options. Options must be exercised within six months after the end of the three year savings period.

The tables below summarise the outstanding options and awards:

LTIP:

	2016		2015	
	Number	**Weighted average exercise price (p)**	Number	Weighted average exercise price (p)
Outstanding at 1 April	**4,819,204**	**–**	4,224,597	–
Granted	**473,000**	**–**	1,989,518	–
Expired	**(316,097)**	**–**	(1,394,911)	–
Exercised	**(1,205,058)**	**–**	–	–
Outstanding at 31 March	**3,771,049**	**–**	4,819,204	–

	2016		2015	
	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 exercised in the financial period	**1,205,058**	**70.00**	–	–

	2016	2015
LTIP awards outstanding at end of period		
Weighted average remaining contractual life	**1.0 years**	1.3 years

22b Share-based payments continued

SAYE:

	2016 Number	2016 Weighted average exercise price (p)	2015 Number	2015 Weighted average exercise price (p)
Outstanding at 1 April	–	–	–	–
Granted	751,086	12.90	–	–
Cancelled	(58,730)	12.50	–	–
Forfeited	(19,047)	13.40	–	–
Exercised	–	–	–	–
Outstanding at 31 March	673,309	12.90	–	–
Exerciseable at 31 March	–	–	–	–

	2016	2015
SAYE awards outstanding at end of period		
Weighted average remaining contractual life	2.8 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.

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

	LTIP 2012–15	LTIP 2013–16	LTIP 2014–17	SAYE 2015–18	LTIP 2015–18
Grant date	19.07.12	18.07.13	05.02.15	10.07.15	10.03.16
Share price at grant date	49.75p	54.12p	60.37p	65.00p	74.00p
Exercise price	Nil	Nil	Nil	56.70p	Nil
Number of shares under option or provisionally awarded	1,521,155	1,308,531	1,989,518	751,086	473,000
Option/award life (years)	3	3	2.33	3	2.29
Expected volatility	34%	32%	28%	32.72%	35%
Risk free rate	1.66%	1.17%	1.08%	1.50%	0.92%
Expected dividend yield	5.00%	4.00%	4.00%	4.10%	4.00%
Forfeiture rate	0%	0%	0%	0%	0%
Fair value per option/award	15.10p	13.35p	55.01p	12.89p	33.00p

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.

All LTIP awards (with the exception of LTIP 2014-17) incorporate a market condition (TSR), which is taken into account in the grant date measurement of fair value. LTIP 2014-17 awarded under the amended plan, does not incorporate a market condition, but includes 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 2016, which has been assessed as 1,989,518.

22b Share-based payments continued

The group recognised a total charge of £631,000 (2015 – £235,000) related to equity settled share-based transactions during the year ended 31 March. 2016. This charge was split across the schemes as follows:

	2016 £'000	2015 £'000
LTIP 2011–14	–	13
LTIP 2012–15	22	77
LTIP 2013–16	58	58
LTIP 2014–17	520	87
LTIP 2015–18	3	–
SAYE 2015–18	28	–
	631	235

23 Dividends

Amounts recognised as distributed to equity holders in the year:

	2016 £'000	2015 £'000
Interim dividend for the year ended 31 March 2015 of 0.80p (2014 – 0.55p)	1,460	1,004
Final dividend for the year ended 31 March 2015 of 1.60p (2014 – 1.75p)	2,920	3,194

An interim dividend of 0.85p per share in respect of the financial year ended 31 March 2016 was paid on 7 April 2016 and absorbed £1,562,000 of shareholders' funds. In addition, the directors are proposing a final dividend in respect of the financial year ended 31 March 2016 of 1.90p per share which will absorb an estimated £3,490,000 of shareholders' funds. The final dividend will be paid on 3 October 2016 to shareholders who are on the register of members at the close of business on 26 August 2016. Neither of these dividends were paid or provided for in the year.

24 Reconciliation of net profit to net cash inflow from operating activities

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Net profit	9,688	8,499	2,159	3,216
Adjustments for:				
Tax	2,169	2,434	(1,029)	(868)
Interest income	(1,523)	(1,246)	(224)	(244)
Interest expense	66	1	66	1
Research and development tax credit	(46)	–	–	–
Dividend from related party	–	–	(6,000)	(7,000)
Depreciation and amortisation	1,382	1,497	364	359
Impairment of investment property	–	95	–	–
Impairment of other intangibles	13	16	–	–
Impairment of assets held for sale	–	14	–	–
Profit on sale of investments	(1)	–	–	–
Profit on sale of assets held for sale	(4)	–	–	–
Decrease/(increase) in inventories	1,004	(1,629)	–	–
Decrease/(increase) in trade and other receivables	2,599	(1,072)	233	(147)
Increase/(decrease) in trade and other payables	4,634	8,118	(379)	465
Movement in balances with related parties	–	–	11,335	13,001
Increase/(decrease) in provisions	1,581	5,952	(60)	27
Increase in monies held in trust	(9,491)	(8,214)	–	–
Decrease in retirement benefit obligation	(497)	(611)	(42)	(15)
Translation adjustment	(21)	17	–	–
Share-based payments	631	235	631	235
Net cash inflow from operating activities	12,184	14,106	7,054	9,030

25 Operating lease commitments – minimum lease payments

Group

	2016		2015	
	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	**17**	**39**	32	39
Later than one year and less than five years	**11**	**84**	64	123
After five years	**–**	**–**	–	–
	28	**123**	96	162

The group leases additional properties 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 and six 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 and Company

	2016 £'000	2015 £'000
Contracts placed for future capital expenditure not provided in the financial statements	**34**	–

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:

	2016 £'000	2015 £'000
Dividends received	**6,000**	7,000

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

Year end balances arising from transactions with subsidiaries

	2016 £'000	2015 £'000
Receivables from subsidiaries (note 13)	**6,671**	5,348
Payables to subsidiaries (note 18)	**34,245**	25,632

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:

	2016 £'000	2015 £'000
Subsidiaries	**11,235**	11,162

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 2016 £'000**	Carrying amount and fair value 2015 £'000
Financial assets			
Monies held in trust	15	**75,219**	65,728
Financial assets – deposit at bank	14	**500**	500
Cash and cash equivalents	16	**32,735**	26,333
Trade receivables	13	**6,233**	6,654
Other receivables	13	**1,622**	3,685
		116,309	102,900
Financial liabilities			
Bank overdraft	18	**3,918**	3,095
Trade payables	18	**56,049**	51,972
Payables in respect of cards and vouchers	18	**13,982**	13,161
Other payables	18	**2,336**	1,260
		76,285	69,488

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.

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 £1,348,000 (2015 – £1,134,000).

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 its 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.

28 Financial instruments continued

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 current 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 17 of the Financial Review and pages 18 and 19, 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 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.

Notice is hereby given that the thirty third 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 22 September 2016, 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 2016.
2. To declare a final dividend for the financial year ended 31 March 2016 of 1.90p per ordinary share in the capital of the Company, to be paid on 3 October 2016 to shareholders whose names appear on the register at the close of business on 26 August 2016.
3. To approve the Remuneration Report of the directors for the financial year ended 31 March 2016.
4. To re-appoint Ernst & Young LLP as auditors of the Company.
5. To authorise the directors to determine the remuneration of the auditors.
6. 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 £1,224,708.51 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 22 December 2017 (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:

7. That, subject to the passing of resolution 6 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 6 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:
   - 7.1 in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):
     - 7.1.1 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
     - 7.1.2 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
   - 7.2 otherwise than pursuant to paragraph 7.1 of this resolution, up to an aggregate nominal amount of £183,706.28 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 22 December 2017 (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
28 July 2016

Notes:

Entitlement to attend and vote

1. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 12.00pm on 20 September 2016 (or, if the meeting is adjourned, on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

Proxies

2. A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company.

   A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

   A proxy may only be appointed in accordance with the procedures set out in notes 3 below and the notes to the proxy form.

   The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.

3. A form of proxy is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company Secretary on 0151 653 1700 or the proxy form may be photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed.

4. To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Company Valley Road, Birkenhead CH41 7ED no later than 12.00pm on 20 September 2016 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).

Corporate representatives

5. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

Documents available for inspection

6. The following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this notice until the time of the meeting. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends.

   6.1 Copies of the service contracts of the executive directors.

   6.2 Copies of the letters of appointment of the non-executive directors.

Directors and Advisers

Directors:	C Houghton M R Stewart G A Woods L Carstensen (Non-executive) *†◊ J Dembitz (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
Laura Carstensen was appointed Chairman on 3 June 2016
John Dembitz was appointed Deputy Chairman on 1 October 2015

Notes

Designed and produced by Emperor
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