REGISTERED NUMBER: 03749721 (England and Wales)

QUADIENT UK LIMITED

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2017

Essex Abel Ltd
4 Bank Court
Weldon Road
Loughborough
Leicestershire
LE11 5RF

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COMPANIES HOUSE

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FOR THE YEAR ENDED 31 JANUARY 2017

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QUADIENT UK LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 JANUARY 2017

DIRECTORS:	M J Davies A Scherrer I D Clarke
SECRETARY:	A Scherrer
REGISTERED OFFICE:	Suite 24, Second Floor 250 South Oak Way Green Park Reading Berkshire RG2 6UG
REGISTERED NUMBER:	03749721 (England and Wales)
AUDITORS:	Essex Abel Ltd 4 Bank Court Weldon Road Loughborough Leicestershire LE11 5RF

QUADIENT UK LIMITED (REGISTERED NUMBER: 03749721)

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 JANUARY 2017

The directors present their report with the financial statements of the company for the year ended 31 January 2017.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 February 2016 to the date of this report.

M J Davies
A Scherrer
I D Clarke

COUNTRY OF LEGISLATION
The company was incorporated in England & Wales.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Essex Abel Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting, in accordance with Section 485 of the Companies Act 2006.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

.....
M J Davies - Director

Date: 17/10/2017

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

QUADIENT UK LIMITED

We have audited the financial statements of Quadient UK Limited for the year ended 31 January 2017 on pages five to twenty two. 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.

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 a Report of the Auditors 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 auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 January 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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, based on the work undertaken in the course of our audit, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Report of the Directors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

QUADIENT UK LIMITED

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Mr Philip James O'Connor FCCA (Senior Statutory Auditor)
for and on behalf of Essex Abel Ltd
4 Bank Court
Weldon Road
Loughborough
Leicestershire
LE11 5RF

Essex Abel Ltd

Date: 23rd October 2017

QUADIENT UK LIMITED (REGISTERED NUMBER: 03749721)

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 JANUARY 2017

	Notes	2017 £	2016 £
CONTINUING OPERATIONS			
Revenue		8,235,192	5,142,616
Cost of sales		(5,230,484)	(3,146,588)
GROSS PROFIT		3,004,708	1,996,028
Distribution costs		(1,288,888)	(843,819)
Administrative expenses		(1,411,394)	(916,326)
OPERATING PROFIT		304,426	235,883
Finance costs	5	(16,772)	(709)
PROFIT BEFORE INCOME TAX	6	287,654	235,174
Income tax	7	(60,211)	(48,737)
PROFIT FOR THE YEAR		227,443	186,437

The notes on pages 11 to 22 form part of these financial statements

QUADIENT UK LIMITED (REGISTERED NUMBER: 03749721)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2017

	2017 £	2016 £
PROFIT FOR THE YEAR	227,443	186,437
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	227,443	186,437

The notes on pages 11 to 22 form part of these financial statements

QUADIENT UK LIMITED (REGISTERED NUMBER: 03749721)

STATEMENT OF FINANCIAL POSITION

31 JANUARY 2017

	Notes	2017 £	2016 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	105,671	3,328
Deferred tax	16	22,040	12,874
		127,711	16,202
CURRENT ASSETS			
Trade and other receivables	9	7,762,964	3,274,531
Tax receivable		2,450	11,292
Cash and cash equivalents	10	252,990	697,097
		8,018,404	3,982,920
TOTAL ASSETS		8,146,115	3,999,122
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	12,500	12,500
Retained earnings	12	555,160	327,717
TOTAL EQUITY		567,660	340,217
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	13	19,570	4,570
CURRENT LIABILITIES			
Trade and other payables	13	7,491,421	3,654,335
Tax payable		67,464	-
		7,558,885	3,654,335
TOTAL LIABILITIES		7,578,455	3,658,905
TOTAL EQUITY AND LIABILITIES		8,146,115	3,999,122

The financial statements were approved and authorised for issue by the Board of Directors on 17 - 10 - 17 and were signed on its behalf by:

M J Davies - Director

The notes on pages 11 to 22 form part of these financial statements

QUADIENT UK LIMITED (REGISTERED NUMBER: 03749721)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 February 2015	12,500	141,280	153,780
Changes in equity			
Total comprehensive income	-	186,437	186,437
Balance at 31 January 2016	12,500	327,717	340,217
Changes in equity			
Total comprehensive income	-	227,443	227,443
Balance at 31 January 2017	12,500	555,160	567,660

The notes on pages 11 to 22 form part of these financial statements

QUADIENT UK LIMITED (REGISTERED NUMBER: 03749721)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2017

		2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	(286,784)	361,517
Interest paid		(16,772)	(709)
Tax paid		6,929	(82,000)
Net cash from operating activities		(296,627)	278,808
Cash flows from investing activities			
Purchase of tangible fixed assets		(147,480)	(8,253)
Sale of tangible fixed assets		-	749
Net cash from investing activities		(147,480)	(7,504)
(Decrease)/increase in cash and cash equivalents		(444,107)	271,304
Cash and cash equivalents at beginning of year	2	697,097	425,793
Cash and cash equivalents at end of year	2	252,990	697,097

The notes on pages 11 to 22 form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2017

1. RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Profit before income tax	287,654	235,174
Depreciation charges	44,155	17,043
Loss on disposal of fixed assets	982	62
Finance costs	16,772	709
	349,563	252,988
Increase in trade and other receivables	(4,488,433)	(974,043)
Increase in trade and other payables	3,852,086	1,082,572
Cash generated from operations	(286,784)	361,517

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 January 2017

	31.1.17	1.2.16
	£	£
Cash and cash equivalents	252,990	697,097

Year ended 31 January 2016

	31.1.16	1.2.15
	£	£
Cash and cash equivalents	697,097	425,793

1. GENERAL INFORMATION

GMC Software Technology Limited is a private limited company incorporated in England and Wales under the Companies Act. The address of the registered office is given in the company information section and its principal place of business is at Suite 24, Second Floor, 250 South Oak Way, Green Park, Reading, Berkshire, RG2 6UG.

The financial statements are presented in Sterling (£) and rounded to the nearest £0.

2. STATUTORY INFORMATION

Quadient UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

3. ACCOUNTING POLICIES

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

Revenue recognition
In accordance with IAS 18, sales are measured at the fair value of the consideration received, net of any trade discount and volume rebates and excluding any VAT or other taxes. Sales are recognised at the date on which the company transfers substantially all the risks and rewards of ownership to the buyer and retains neither continuing managerial involvement nor effective control over the goods sold.

The Company begins to recognise revenue once the arrangements are signed and as long as all the following conditions are met:

o the Company has entered into a legally binding agreement with a customer;
o the software or service has been delivered;
o license fees are fixed and there are no uncertainties on the completion of the contract;
o collection is probable.

Software licensing
Software license revenue encompass all amount invoiced related to the right to use the software, either through an initial license or through the purchase of additional modules or user rights. Revenue is recognised when IAS 18 criteria are met. In the pay-per-click mode, the revenue is recognised on the actual consumption.

Software maintenance
Software maintenance is included in most software license contracts and is generally priced as a percentage of the initial software license fees. Maintenance provides customers with rights to software upgrades, maintenance enhancements and access to the help desk during the term of the contract. Revenues are recognised on a straight-line basis over the term of the arrangement.

Services
Software implementation and support services represent completion income from consulting and implementation services sold separately under professional service contracts.

Property, plant and equipment
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 50% on cost and 20% on cost
Fixtures and fittings	- 20% on cost

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use.

continued...

3. ACCOUNTING POLICIES - continued

Financial instruments
The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties.

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

Taxation
Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences, where material, that have originated but not reversed at the balance sheet date.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Employee benefit costs
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

continued...

3. ACCOUNTING POLICIES - continued

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings or current liabilities when applicable.

In the Cash Flow Statement, cash and cash equivalents are shown separate to bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

Trade receivables
Trade and other receivables are initially recognised at the transaction price and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts.

A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms, or when they meet the company impairment recognition policy. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the statement of profit or loss in administrative expenses.

Trade and other payables
Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Significant judgements and estimates
In the application of the company's accounting policies, which are described in the accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no key sources of estimation uncertainty that had a significant effect on the amounts recognised in the financial statements for the current year.

4. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	1,962,284	1,375,547
Social security costs	249,554	165,412
Other pension costs	45,123	45,224
	2,256,961	1,586,183

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

	2017	2016
Administration & Marketing	4	3
Support Services	15	14
Sales	10	11
	29	28

continued...

4. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

	2017	2016
Money purchase schemes	1	1

5. NET FINANCE COSTS

	2017	2016
	£	£
Finance costs:		
Other interest	16,772	709

6. PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting):

	2017	2016
	£	£
Other operating leases	65,831	53,185
Depreciation - owned assets	44,155	17,043
Loss on disposal of fixed assets	982	62
Auditors' remuneration	7,200	6,550
Foreign exchange differences	(135,298)	5,500

7. INCOME TAX

Analysis of tax expense

	2017	2016
	£	£
Current tax:		
Corporation tax -current year	67,464	48,100
Corporation tax adjustment	1,913	-
Total current tax	69,377	48,100
Deferred tax	(9,166)	637
Total tax expense in statement of profit or loss	60,211	48,737

continued...

7. INCOME TAX - continued

Factors affecting the tax expense
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before income tax	287,654	235,174
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20.170%)	57,531	47,435
Effects of:		
Expenses not deductible for tax purposes.	658	1,057
Impact from changes in local tax legislation and/or local tax rates	109	948
Tax adjustment for prior years	1,913	(703)
Tax expense	60,211	48,737

The Finance Act 2013 included legislation to reduce the main rate of corporation tax from 21% to 20% from 1 April 2015, which has therefore been reflected in these financial statements.

The deferred tax asset at 31 January 2017 has been calculated based on effective rate of 20%. The impact of this change in future periods will be dependent on the level of taxable profits in those periods.

In this financial period, the UK corporation tax standard rate was mainly chargeable at 20% (2016: 20.17%).

The effective tax rate of differs from the UK corporation tax rate principally due to the non-deductibility of depreciation charged on capital expenditure, and other permanent differences arising in the period.

8. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Totals £
COST				
At 1 February 2016	-	38,327	11,781	50,108
Additions	84,716	35,126	27,638	147,480
Disposals	-	(95)	(11,781)	(11,876)
At 31 January 2017	84,716	73,358	27,638	185,712
DEPRECIATION				
At 1 February 2016	-	37,944	8,836	46,780
Charge for year	8,068	29,978	6,109	44,155
Eliminated on disposal	-	(95)	(10,799)	(10,894)
At 31 January 2017	8,068	67,827	4,146	80,041
NET BOOK VALUE				
At 31 January 2017	76,648	5,531	23,492	105,671
At 31 January 2016	-	383	2,945	3,328

continued...

9. TRADE AND OTHER RECEIVABLES

	2017	2016
	£	£
Current:		
Trade debtors	5,312,042	2,559,803
Amounts owed by group undertakings	489,237	346,634
Accrued income	1,899,885	336,296
Prepayments	61,800	31,798
	7,762,964	3,274,531

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the company's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of £44,617 (2016: £28,314) has been recorded accordingly within 'administrative expenses' in profit or loss. The impaired trade receivables due from customers in the company's business-to-business market that are either experiencing financial difficulties or are slow at paying and meet the impairment recognition criteria for the ageing of the invoices outstanding.

Information about the company's exposure to credit and market risks as well as impairment losses for trade receivables are included in note 15.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2017	2016
	£	£
Cash at bank and in hand:		
Denominated in GBP	243,333	517,697
Denominated in Euro	9,657	179,401
	252,990	697,097

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
12,500	Ordinary	£1	12,500	12,500

An Ordinary share entitles the holder to one vote. All shares entitle the holder to the same proportion of assets and earnings, and carry equal rights in terms of dividends.

continued...

13. TRADE AND OTHER PAYABLES

	2017 £	2016 £
Current:		
Payments on account	75	75
Trade creditors	96,348	62,154
Amounts owed to group undertakings	3,817,877	1,706,731
Social security and other taxes	162,884	71,374
Accruals and deferred income	2,667,075	1,384,627
Pension creditor	10,691	7,169
VAT	736,471	422,205
	7,491,421	3,654,335
Non-current:		
Other creditors	19,570	4,570
Aggregate amounts	7,510,991	3,658,905

Information about the company's exposure to credit and market risks are included in note 15.

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017 £	2016 £
Within one year	-	5,907
In more than five years	539,985	-
	539,985	5,907

continued...

15. FINANCIAL INSTRUMENTS

Breakdown of the statement of financial position by financial instruments for the following measurement categories.

For the year end 31 January 2017
In Sterling

	Carrying value	Breakdown by instrument category	
			Other
Financial assets measured at amortised cost and not fair value		Loans and receivables	financial assets
Trade and other receivables (a)	**7,765,414**	7,765,414	-
Cash and cash equivalents (a)	**252,990**	252,990	-
ASSETS	**8,018,404**	8,018,404	-

			Other
Financial liabilities measured at amortised cost and not fair value		Debt loans	financial liabilities
Trade payables (a)	**96,348**	-	96,348
Other operating liabilities (a)	**7,482,107**	-	7,482,107
LIABILITIES	**7,578,455**	-	7,578,455

For the year end 31 January 2016
In Sterling

			Other
Financial assets measured at amortised cost and not fair value		Loans and receivables	financial assets
Trade and other receivables (a)	**3,285,822**	3,285,822	-
Cash and cash equivalents (a)	**697,097**	697,097	-
ASSETS	**3,982,920**	3,982,920	-

			Other
Financial liabilities measured at amortised cost and not fair value		Debt loans	financial liabilities
Trade payables (a)	**62,154**	-	62,154
Other operating liabilities (a)	**3,596,751**	-	3,596,751
LIABILITIES	**3,658,905**	-	3,658,905

(a) Historical cost valuation.

Risk management objectives and policies
The company is exposed to various risks in relation to financial instruments. The company's financial assets and liabilities by category are summarised above. The main types of risk it is exposed to is credit risk and market risk.

The company's risk management is coordinated at its headquarters, in close co-operation with the board of directors, and focuses on actively securing the company's short to medium-term cash flows by minimising the exposure faced.

continued...

The company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the company is exposed are described below.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company is exposed to this risk for various financial instruments, for example receivables to customers and placing deposits etc.

The company continuously monitors defaults of customers, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The company's policy is to deal only with creditworthy counterparties.

The carrying amount of financial assets represents the maximum credit exposure.

None of the company's financial assets, as summarised in the tables above, are secured by collateral or other credit enhancements.

The company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade and other receivables

In respect of trade and other receivables, the company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consists of numerous customers in various industries. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Some of the unimpaired trade receivables are past due as at the reporting date. No other financial assets are past due at the end of the reporting period. Trade receivables past due but not impaired can be shown as follows;

	2017	2016
Accounts receivable - Gross value	£	£
Not overdue	2,616,608	1,020,257
Overdue:		
< 30 days	1,682,865	1,291,460
31-60 days	426,908	92,216
61-90 days	218,820	61,260
91-120 days	122,713	59,892
121+ days	288,745	34,718
Total	5,356,659	2,559,803

The carrying amount of trade receivables that are individually impaired is £44,617 (2016: £28,314). No collateral is available for individually impaired trade receivables. Determining impairment is based on an individual assessment of the customer, such as the use of external credit ratings and assessment of their ability to pay and their historic payment behaviour.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Most of the company's transactions are carried out in Sterling which is its functional currency.

The company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and financial instruments are denominated and the respective functional currencies of other Group companies.

The currencies in which these transactions are primarily denominated are euro and sterling.

To mitigate the company's exposure to foreign currency risk, non Sterling cash flows are monitored and in accordance with the company's risk management policies. Generally, the company's risk management procedures distinguish short term foreign currency cash flows (due within 12 months) from longer-term cash flows (due after 12 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. The company does not enter into forward exchange contracts to mitigate the exposure to foreign currency risks on its financial instruments.

Foreign currency denominated financial assets and liabilities which expose the company to currency risk are disclosed below. The amounts shown are those reported to key management translated into Sterling at the closing rate:

Short term exposure

	Euro	ZAR	USD
31 January 2017	£	£	£
Financial assets	382,680	26,440	-
Financial liabilities	(87,221)	-	-
Net statement of financial position exposure	**295,459**	**26,440**	**-**

	Euro	ZAR	USD
31 January 2016	£	£	£
Financial assets	349,764	216,491	10,121
Financial liabilities	(36,922)	-	-
Net statement of financial position exposure	**312,772**	**216,491**	**10,121**

Sensitivity analysis

The following table illustrates the sensitivity of profit for the year and equity in regards to the company's financial assets and financial liabilities and the EUR/ZAR/USD exchange rates against the pound sterling.

It assumes a +/- percentage change in the exchange rates for the year ended at 31 January 2017. The percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the company's foreign currency financial instruments held at each reporting date.

	Profit or Loss		Equity, net of Tax	
	Strengthening	Weakening	Strengthening	Weakening
31 January 2017				
EUR (12% movement)	(52,995)	52,995	42,396	(42,396)
ZAR (28% movement)	(10,588)	10,588	8,470	(8,470)
USD (% movement)	-	-	-	-
31 January 2016				
EUR (2% movement)	6,294	(6,294)	(5,024)	5,024
ZAR (33% movement)	72,845	(72,845)	(58,152)	58,152
USD (5% movement)	(499)	499	398	(398)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the company's exposure to currency risk.

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16. DEFERRED TAX

	2017	2016
	£	£
Balance at 1 February	(12,874)	(13,511)
Accelerated capital allowances	(2,888)	(624)
Retirement benefit obligations	(282)	2,183
Unpaid employee remuneration	(4,127)	-
Change in tax rates	1,131	-
Long-term incentive obligations	(3,000)	(922)
Balance at 31 January	(22,040)	(12,874)

The amount of the deferred tax asset of £22,040 (2016 - £12,874) is expected to be recovered after more than 12 months is £1,514 (2016 - £2,571).

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that realisation of the related tax benefit through future taxable income is probable.

17. PENSION COMMITMENTS

The company operates a defined contribution scheme. Contributions paid into the scheme during the year totalled £45,123 (2016 - £45,224). As at 31 January 2017, outstanding liabilities due to the fund were £10,691 including employee contributions (2016 - £7,169).

18. ULTIMATE PARENT COMPANY

The largest group in which results of the company are consolidated is that headed by Neopost SA, incorporated in France and listed on the Premier Marché of Euronext Paris stock market, and this is regarded by the directors as being the company's ultimate parent company.

The parent company is Quadient Group AG, which owns 100%, of the issued share capital. The company is incorporated in Switzerland.

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19. RELATED PARTY DISCLOSURES

Trading transactions
During the year the company entered into the following trading transactions with related parties which were in the normal course of business:

Parent company	2017	2016
	£	£
Amounts due (to) / from related parties	180,707	210,340
Sale of services rendered / goods	-	-
Purchase of services rendered / goods	3,984,263	2,709,058

Other companies within the group	2017	2016
	£	£
Sale of services rendered / goods	301,730	757,761
Purchase of services rendered / goods	433,273	175,493
Amounts due to related parties	3,817,877	1,706,731
Amounts due from related parties	308,529	136,294

The amount outstanding is unsecured and no guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amount owed by related parties.

Compensation of key management personnel
The remuneration of directors and other members of key management personnel during the year was as follows:

	2017	2016
	£	£
Short-term benefits	228,842	137,980
Long-term incentive plan	15,000	4,570
Post-employment benefits	6,005	5,250
	249,847	147,800

The above compensation of key management personnel costs do not represent the entire costs, as some of the key management personnel are remunerated by other group companies and are disclosed accordingly in the other group companies financial statements.