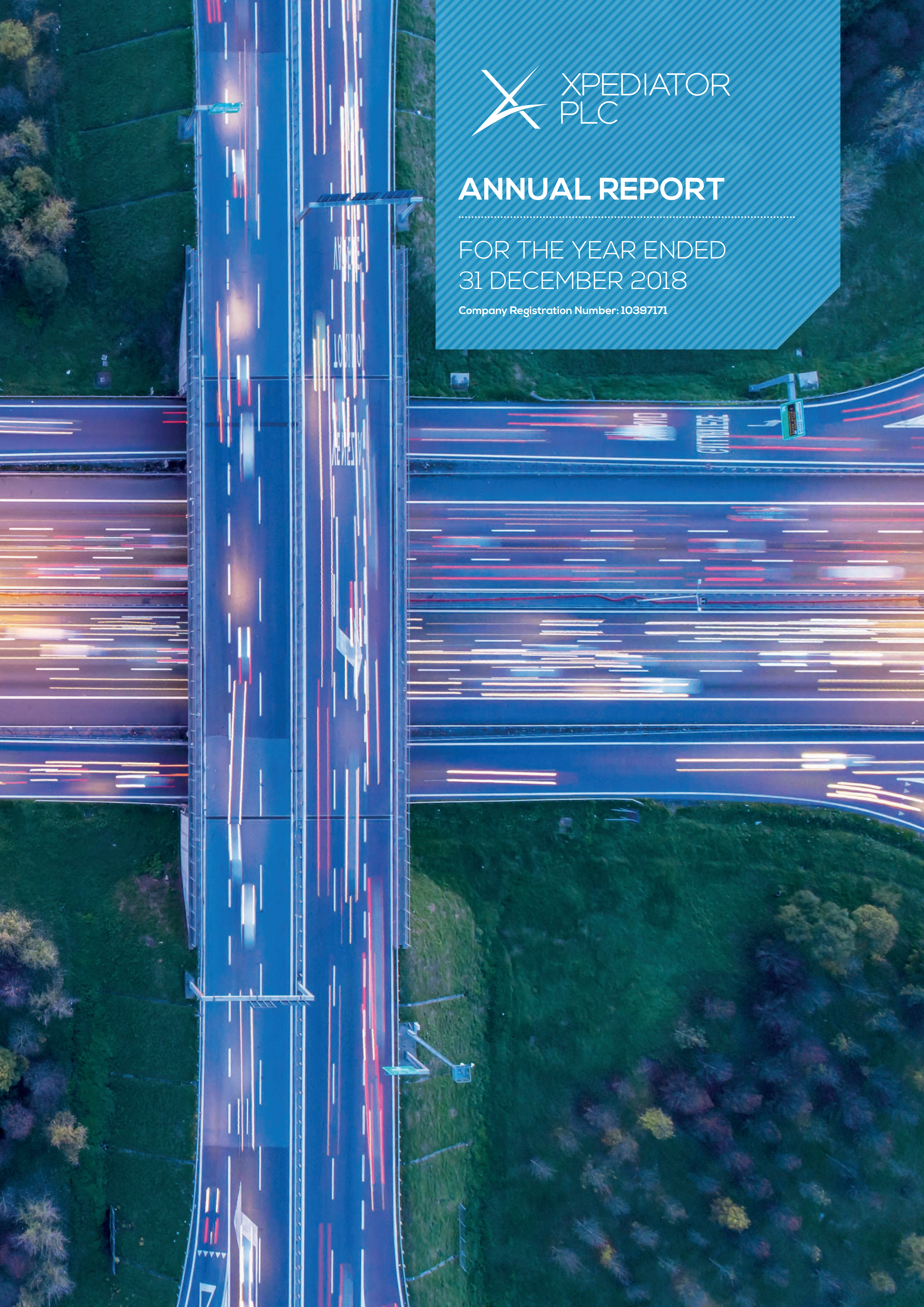

XPEDIATOR PLC

ANNUAL REPORT

FOR THE YEAR ENDED
31 DECEMBER 2018

Company Registration Number: 10397171

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INTERNATIONAL FREIGHT & ECOMMERCE MANAGEMENT GROUP

Xpediator Plc is a fast-growing international freight management company providing logistics and transport support solutions, exploiting the global growth demand for transportation services.

As a Group Xpediator Plc is committed to providing dynamic supply chain solutions and innovation within a Global market, focusing on outstanding quality and customer care excellence and cutting-edge technology.

AT A GLANCE

REVENUES

54.1% increase

2018 £179.2 million
2017 £116.3 million

PROFIT BEFORE TAX

130.5% increase

2018 £5.6 million
2017 £2.4 million

FINAL DIVIDEND

49.7% increase

2018 £1.12 million
2017 £0.75 million

EARNINGS PER SHARE

115.2% increase

2018 3.53p
2017 1.64p

BUILDING A PAN EUROPEAN TRANSPORTATION COMPANY

2018 HIGHLIGHTS

STRONG GROWTH COMBINED WITH GOOD CASH GENERATION

- Revenues increased 54.1% to £179.2 million
- Like for like revenues increased by 21.8%[1]
- Delivered a 130.5% increase in reported Profit before Tax to £5.6 million
- 81.2% Increase in Adjusted Profit before Tax to £7.2 million[2]
- Improved cash generation with a strong focus on working capital
- Maintained financial headroom with positive net cash £3.2 million
- Earnings per share increased by 115.2% to 3.53p
- Final dividend proposed of £0.0084 leading to a total dividend for 2018 of £0.0126, a 27.3% increase per share

IN 2019

- Continuing demand for transport services and solutions fuelled by the consumer expectation for goods to be delivered directly to the home or place of work
- Further key management appointments made in Q1 2019
- Exciting pipeline of complementary acquisition targets which would add to the Group's geographic presence and product capabilities
- Focus on investing in Group infrastructure, especially IT investment to support the enlarged business together with the next phases of anticipated growth
- Positive start to Q1 with new initiatives on our Amazon partnership
- Recovery of trading at Benfleet

[1] Like for like sales defined as year on year revenue growth less revenue from acquisitions completed in 2018 and part year impact of acquisitions completed in 2017

[2] Adjusted profit before tax excludes the exceptional items relating to acquisition costs, £0.32m (2017 - £0.24m,) listing costs £nil (2017 - £0.67m) non-cash interest charge, £0.23m (2017 - £0.30m), the amortisation on the intangible assets relating to the acquired entities, £1.03m (2017 - £0.33m) and includes net credit to Benfleet trading £0.77m being the net of an impairment charge of £1.85m and the credit on consideration and deferred consideration repaid of £2.62m

POSITIVE MIX OF ORGANIC AND ACQUISITION LED GROWTH

- Provided transport services to over 14,000 customers in 2018
- Completed two complementary acquisitions adding key UK gateway facilities in Felixstowe, Heathrow and Southampton
- Freight forwarding revenues increased by 46.7% to £136.9 million with the Baltics and Balkans again key areas of strength despite challenging prior year comparators
- Pall-Ex franchise in Romania also performed strongly again handling in excess of 50,000 pallets per month in FY 2018 (FY 2017: 40,000)
- Affinity division grew revenues by 38.6% to £6.4 million now providing DKV fuel card and associated services to over 14,000 vehicles (FY 2017: 12,000)
- Expanded senior management with 3 major appointments

> "The business is performing well, growing both organically and through acquisition. Good cash generation during the year reflected a strong focus on working capital and increased financial disciplines. The Group has a solid financial base with the financial headroom to support the Company's future ambitions.

CHAIRMAN'S STATEMENT

ALEX BORRELLI

I am delighted to be reporting these results which show the Group's significant expansion in 2018 with revenue increasing by 54.1% to £179.2 million and reported profit before tax increasing by 130.5% to £5.6 million. Adjusted profit before tax to exclude costs associated with the acquisitions, the amortisation relating to the intangible assets of the acquired entities and non-cash interest charges has increased by 81.2% to £7.2[1] million. This rate of growth continues the momentum from the previous year as Xpediator establishes its network of freight management companies across the UK and Europe with a particular expertise in the fast growing Central and Eastern European ("CEE") regions.

"Achieved through a healthy mix of acquisition and organic growth, the Board is focused on keeping its strategy of maximising value creation across the network through:

- Operating as a broker with a low-cost base sourcing capacity from hauliers as it is required;
- Using the Group's scale to achieve competitive pricing from hauliers to transport clients' goods;
- Serving over 14,000 customers with no one customer representing more than 2% of Group revenue;
- Having revenues spread over multiple geographies (39.2% UK and 60.8% Central and Eastern Europe); and
- Providing additional services which fit naturally with the transportation of goods such as fuel cards, warehousing, logistics support and a pallet network, whilst minimising risk exposure.

[1] Adjusted profit before tax excludes the exceptional items relating to acquisition costs, £0.32m (2017 - £0.24m,) listing costs £nil (2017 - £0.67m) non-cash interest charge, £0.23m (2017 - £0.30m), the amortisation on the intangible assets relating to the acquired entities, £1.03m (2017 - £0.33m) and includes net credit to Benfleet trading £0.77m being the net of an impairment charge of £1.85m and the credit on consideration and deferred consideration repaid of £2.62m

Globally the trend for goods to be brought directly to the place of work or home is driving a substantial increase in demand for transport and modern transportation solutions. We believe this trend will continue and that demand for transport and logistics services is likely to increase further.

Recognising the market opportunity, the Group is seeking to exploit the growth in the sector by building a pan European network with a particular strength across the CEE regions. Two years ago, the Group employed 574 people with annual revenue of £72.8 million. Today, the Group employs 902 people with annual revenue expected to exceed £200 million in the current year.

In 2018, the Group completed its third and fourth acquisitions since listing on the AIM market in August 2017. The two businesses, Import Services Limited and Anglia Forwarding contributed an additional 18.6% in revenue, added over 400 new customers including greater Amazon activity and significantly expanded the Group's UK gateway capabilities with facilities in Felixstowe, Heathrow and Southampton.

To help manage the expansion of the Group, in January 2019, Simon Youd joined as Head of M&A and Integration from Woodland Group Limited, an international logistics company. The Group is attracting and investing in new senior personnel to the business to ensure we have the skills and leadership to manage the enlarged business.

The Group continues to have a good pipeline of acquisition opportunities which meet the acquisition criteria of enhancing the Group's geographical capabilities (especially in the fast-growing CEE region) and/or extending the Group's international presence in air and sea transportation.

The Group's Brexit team has been working closely with leading transport associations and port authorities to plan ahead. The Group already holds Authorised Economic Operator status which will be critical in being able to support both exporters and importers post Brexit under most forecasted scenarios.

Ultimately, the Group's customers will need to understand and find solutions to continue delivering their goods to their end-market and Xpediator is well placed to support them.

DIVIDEND

The Board is pleased to recommend a final dividend of £0.0084 per share. The proposed dividend, if approved by shareholders, will be paid in July 2019, to shareholders on the register at the close of business on 14 June 2019.

BOARD AND MANAGEMENT CHANGES

On 3 September 2018, Stuart Howard joined the Group as Group CFO. Previously Chief Executive of Dollar UK, the alternative financial services provider, Stuart brings significant listed and Board level experience. Stuart replaced Richard Myson who remains actively involved with the Group as Head of Internal Audit (appointed 1 April 2019).

In addition, on 1 July 2018 Robert Riddleston joined the Board of Xpediator, as a Non-Executive Director, having spent 45 years with Barclays as a senior corporate banker.

OUTLOOK

The Group is strategically well placed to continue to pursue a policy of strategic M&A activity to enhance earnings and operational capabilities, particularly in air and sea transportation services. Alongside this, we also expect to continue to deliver attractive organic growth rates from within the existing business. As the business expands into what is a growth market, the Group will continue to benefit from the increasing economies of scale, a broadening portfolio of services and a widening client base.

We remain confident in a further year of growth across our activities.

Alex Borrelli
Non-Executive Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

STEPHEN BLYTH

Demand for freight management in the UK and CEE countries was strong during the year. Changing consumer trends and economic growth in our core markets, in particular, from the CEE region are driving demand and helping us to develop a more comprehensive European network of freight management companies.

The financial results achieved in 2018 evidence the progress we have made across all our markets. Of the £179.2 million of revenues generated in 2018, £109.0 million was generated in Europe (2017 £84.2 million) and £70.2 million in the UK (2017 £32.1 million). We remain weighted towards the CEE region where our experience and infrastructure enable us to win contracts against the larger competitors in our market.

The business is performing well, growing both organically and through acquisition. Good cash generation during the year reflected a strong focus on working capital and increased financial disciplines. The Group has a solid financial base with the financial headroom to support the Group's future ambitions.

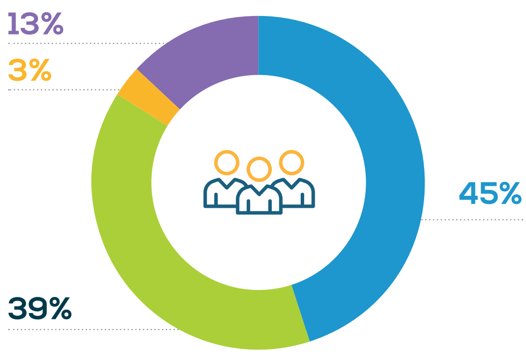
The businesses acquired have been successfully integrated and the process is ongoing to obtain further synergies. We are poised and ready for further acquisitions and we have strengthened the operational, M&A, finance and IT teams to facilitate more activity.

DIVISIONAL REVIEW – AT A GLANCE

% OF GROUP REVENUE

% OF GROUP OPERATING PROFIT

% OF PEOPLE



- Freight Forwarding
- Warehousing & Logistics
- Transport Services
- Other

DIVISIONAL REVIEW

FREIGHT FORWARDING

REVENUE

£136.9m

(2017: £93.3 million)

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS

£3.0m

(2017: £2.4 million)

Freight Forwarding

Freight forwarding services are largely provided under the Delamode brand. The division specialises in connecting CEE countries and the UK. In the period under review freight forwarding revenues increased by £43.6 million of which £34.9 million was organic / full year impact of acquisitions and £8.7 million contributed by acquisitions completed during the year.

Freight forwarding revenues across the Baltics and Balkans have continued to grow significantly against challenging prior year comparators. With Delamode Baltics revenue up by £11.1 million and Delamode Bulgaria up by £4.2 million year on year.

Like for like revenues was up by £19.5 million, 20.8%, on 2017 driven by new client wins and the expansion of service offerings into new markets. This included the development of consolidation services to Italy from Lithuania as well as increased sea freight activity in Bulgaria.

The Group completed the acquisition of Anglia Forwarding Group Limited (Anglia) during the year, which contributed £8.7m of turnover and operational capabilities at Felixstowe and Heathrow adding significantly to the Group's air and sea activity together with good cross-selling opportunities to exploit across the Group.

> **"Freight forwarding revenues across the Baltics and Balkans have continued to grow significantly.**

Anglia has been successfully integrated and is managed as another freight forwarding business unit with unified processes and procedures as well as standardised financial controls and reporting.

To maximise new revenue opportunities, a senior sales Director took over management responsibility to implement both a sales structure within Anglia and to cross sell services between the divisions. As a result, the UK freight forwarding companies, Anglia, Benfleet Forwarding Limited (Benfleet) and Delamode are now all cross selling each other's services, an area that the management team intend to further develop.

2018 figures also have a full year of trading for Benfleet Forwarding (Benfleet) and Regional Express which were acquired in 2017.

As previously reported, Benfleet which was acquired in 2017, was impacted by increased customs security checks which resulted in an impairment to goodwill of £1.8 million at the half year results[1]. During the second half of 2018, Benfleet recommenced servicing the clients affected through the Group's European network, albeit at currently lower but growing volumes in the first quarter 2019, although some encouraging new developments that could restore levels back to those in previous years.

Regional Express Limited continues to expand its relationship with Amazon and to support increased volumes for the business a new lease was taken on a warehouse close to the Port of Southampton in Q1 2019 and a Regional Express operation is planned to be opened in Germany.

[1] See Impairment section of the Chief Finance Officer's report for further detail

DIVISIONAL REVIEW

WAREHOUSING & LOGISTICS

REVENUE

£35.9m

(2017: £18.4 million)

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS

£3.0m

(2017: £0.9 million)

Warehousing & Logistics

The Logistics division's activities remain largely focused in Romania and the UK.

The Group's Pall-Ex franchise in Romania performed strongly against challenging prior year comparators, offering a pallet delivery service to any part of the country within 24 hours and handling in excess of 50,000 pallets on average per month in 2018 (2017: 40,000 average pallets per month).

The development of the new cross dock facility in Sibiu for Pall Ex and Delamode storage is progressing well and is on target to be operational in Q2 2019. This will significantly enhance service and profit levels.

Warehousing revenue increased by £17.5 million in 2018 to £35.9 million compared to £18.4 million in 2017. This includes £12.8m of post-acquisition revenue contributed by Import Services Limited. Like for like revenue increased by £4.2m as a result of a rise in customer activity in the UK and the new warehouse in Romania which opened in the second half of 2017.

There is a strong pipeline of demand for warehouse space in Romania and combined with the new cross dock facility in Sibiu, this division is well placed to benefit in 2019.

> **"The development of the new cross dock facility in Sibiu for Pallex and Delamode storage is progressing well.**

DIVISIONAL REVIEW

TRANSPORT SERVICES

REVENUE	OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	GROSS BILLINGS
£6.4m	£2.3m	£139.1m
(2017: £4.6 million)	(2017: £2.0 million)	(2017: £119.8 million)

Transport Services

Transport Services, trading principally under the Affinity brand, provides bundled fuel and toll cards, financial and support services for hauliers in southern Europe. Affinity is an agent of DKV in Romania, one of the world's largest fuel card providers and provides the DKV fuel card across the Balkans to a database of approximately 1,900 Eastern European hauliers and over 14,000 trucks.

In addition, Affinity provides a "one stop shop" of transport services including roadside assistance and ferry bookings. Affinity's commercial model fits well within the Group as many of the hauliers who are customers of Affinity also supply haulage services to Delamode a key factor that enables the Group to have a good understanding of its customers/suppliers, which underpins the strategy to provide further financial services such as insurance and leasing.

Affinity generated record revenues during the period with gross billings up by 16.1% year on year entirely through organic growth.

Romania is still far the largest region for the division, representing 87.2% of total activity, (2017 89.5%). As part of this, Affinity benefited from the increase in the bulk fuel prices which saw the cost per litre across Europe increase by 8%. Together with improved procurement on ferry crossings this enabled Affinity to grow ferry crossings sales by 30% year on year.

Good progress is being made towards greater expansion of this division's services outside of Romania and into other East European countries. Also, the Group is in discussions with potential financial partners to work together to launch leasing and insurance products tailored specifically for Affinity's existing customer base.

> "Affinity generated record revenues during the period with gross billings up by 16.1%.

ACQUISITIONS

Our strategy is to act as a consolidator of the highly fragmented freight management market. In the last two years the Group has completed six transactions which have added over 1,200 new customers together with significantly expanding the Group's air and sea freight capabilities.

We remain focused on expanding the Group through acquisition and we have a pipeline of opportunities that are in varying stages of negotiation. Some of which include small transport fleets which in light of the driver shortages occurring in some high demand markets will help ensure delivery certainty. Acquisition targets are selected on the basis they will enhance the Group's existing market presence, add further service capabilities particularly in air and sea and benefit significantly from being a part of the wider Xpediator Group.

OUTLOOK

The Group is targeting continued growth in 2019. We expect to benefit organically from the ongoing positive trends driving increased demand for transportation and transportation services globally. We also expect to benefit from further contributions from the businesses we have acquired.

From a risk perspective the natural growth of the business has meant we are not dependent on any one market and we have a good diversification between the UK and mainland Europe. The Group does not have a large single customer risk, with no one customer responsible for more than 2% of sales and nor is there significant exposure to the segments of UK retail that have come under pressure in the last 12 months.

Instead the business is planning for the next stages of growth. During 2018 and in the early part of 2019 we have made a number of important operational, M&A, IT and Board level appointments which have substantially strengthened our team and our ability to manage the next phase of expansion. This additional expertise is enabling us to drive change across the business particularly in terms of group-wide IT initiatives ultimately aimed at increased automation, address key opportunities such as expanding warehouse revenues in Romania and the UK and maximise the potential of the businesses being brought into the Group by acquisition.

We look forward to completing another successful year.

Stephen Blyth
Chief Executive Officer

The Group delivered strong organic and acquisition-led growth

CHIEF FINANCIAL OFFICER'S STATEMENT

STUART HOWARD

FINANCIAL REVIEW

Revenue

Group revenue increased in 2018 by £62.9 million (54.1%) to £179.2 million. Like for like growth increased by £25.4 million whilst revenue from acquisitions contributed the remaining £37.5million.

The Freight Forwarding division delivered £136.9 million (46.7% increase v 2017) through a mix of like for like growth as well as the acquisition of Anglia and full year revenues from Benfleet and Regional Express which were acquired during 2017. Our Warehousing and Logistics division delivered revenue of £35.9 million (95.5% increase v 2017) including £12.8 million due to the acquisition of Import Services Limited. The Transport Services division delivered £6.4 million (38.6% increase v 2017).

Group profit before tax

Group profit before tax increased in 2018 by 130.5% to £5.6 million (2017: £2.4 million). Each of the three operating divisions increased on the prior year:

- Freight Forwarding: £3.0 million (2017: £2.4 million)
- Warehousing and Logistics £3.0 million (2017: £0.9 million)
- Transport Services: £2.3 million (2017: £2.0 million)

The profit before tax from the operating divisions was partially offset by central overheads.

Adjusted profit before tax

Reconciliation between profit before tax and adjusted profit before tax

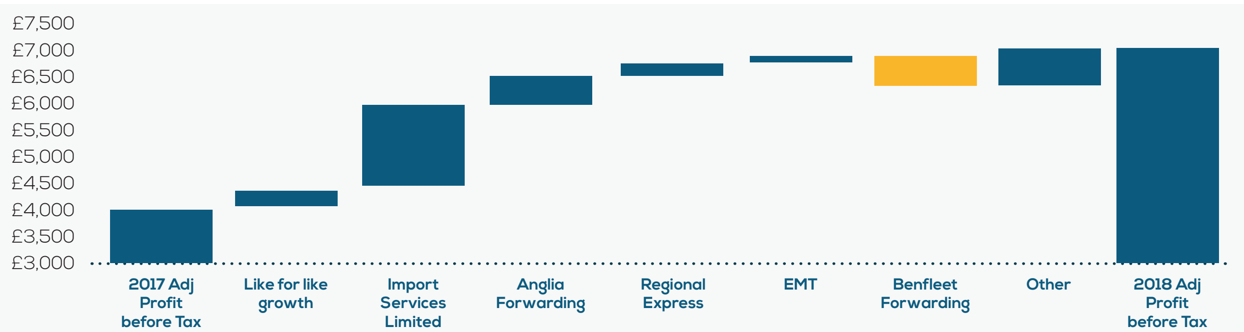
	2018 £m	2017 £m
Profit before tax	**5.616**	**2.436**
Exceptional items (note 30)	0.318	0.912
Unwind and addback of discount on deferred consideration[1]	0.232	0.295
Amortisation on intangibles (note 13)	1.033	0.330
Adjusted Profit before tax	**7.199**	**3.973**

Earnings per Share

	2018 p	2017 p
Basic earnings pence per share (profit after tax)	3.53	1.64
Adjusted earnings pence per share (Adj profit after tax)	4.80	3.27

[1] Unwind of discount of deferred consideration = £0.277m plus addback of the release on discount of deferred consideration = £0.045m (see note 9)

Adjusted Profit before Tax Amortisation net interest charge



The total number of ordinary shares at 31 December 2018 was 133.7 million following the issue of 16.3 million during the year which gave rise to a weighted average number of shares of 125.2 million (128.8 million diluted). Profit after tax attributable to the owners of the parent company of £4.4 million provides a basic earnings per share of 3.53p (3.43p diluted) which is a 115.2% (110.4% diluted) increase on 2017. Adjusted profit before tax results in a basic earnings per share of 4.80p (4.66p diluted) which is an increase of 46.8% (42.9% diluted) on 2017. (See note 11 of the financial statements.)

Group operating profit before exceptional items increased by 62.3% (£2.54 million) year on year fuelled by a mix of organic growth and acquisitions. Organic growth accounted for 17.0% (£0.4 million) of the increase on 2017 with the remainder achieved through the newly acquired businesses.

The Freight Forwarding division operating profit increased by £0.5 million from 2017 to 2018. Of this, organic growth accounted for £0.3 million and the acquisitions of Anglia and Regional Express contributed a further £0.7 million. This increase of £1.0 million year on year was partially offset with the reduced performance in Benfleet of £0.5 million loss in 2018 which included the net impact of an impairment charge of £1.8 million and reimbursement of consideration and release of deferred consideration with the former owners of Benfleet of £2.6 million.

The Logistics division operating profit increased by £2.1 million from 2017 to 2018. Organic growth increased 28.6% (£0.3m) year on year whilst Import Services Limited contributed £12.8 million of sales and £1.7 million operating profit in the second half of 2018 following the acquisition on 14 July 2018. In addition, EMT contributed a further £0.1 million increase to operating profit in the year.

The Transport Services division under the Affinity brand saw operating profit increase by 17.4% (£0.3 million) from 2017 to 2018. This was achieved through like for like growth with revenues increasing by £1.8 million year on year.

Dividend and retained earnings

Dividend coverage ratio	2018	2017
Net income / dividend	2.61:1	1.40:1
Dividend per share	£0.0126	£0.0099

Dividend Policy

The Group's policy is to pay a progressive dividend each year. The Group is well positioned to continue delivering shareholder value. The Directors recommend the payment of a final dividend of £0.0084 per share for the year ended 31 December 2018. With the interim dividend of £0.0042 per share paid on 26 October 2018 this gives a total dividend for the year of £0.0126, an increase of 27.3% over 2017. Proposed dividends totalling £1.7 million are covered 2.61 times by net profit (before non-underlying items and deferred tax). Dividends are charged against retained earnings in the year in which they are paid.

Financial Resources

Asset Cover	2018	2017	Increase/ (Decrease) %
Total Assets	£98.8m	£76.4m	29.3
Net Assets	£29.1m	£14.8m	96.8
Current Ratio	1.14	1.07	6.5

Cash

The role of the Group's finance function is to ensure we have the funding to meet foreseeable needs, to maintain reasonable headroom for future contingencies and to manage financing risk. The Board regularly monitors expected financing needs for at least the following 12 months. These are intended to be met for the coming year from existing cash balances, loan facilities and operating cash flows. The Group has sufficient financial resources and a broad spread of business activities. The Directors therefore believe that it is well placed to manage its business risks.

Cash	2018 £m	2017 £m
Net cash from operating activities	3.7	1.7
Net cash outflow from investing activities	(7.0)	(6.5)
Net cash inflow from financing activities	5.4	7.0
Effect of foreign exchange movements	0.2	(0.1)
Cash and cash equivalents at end of year	**9.6**	**7.3**

Cash generated from operations increased by 84.4% from 2017 to £5.1 million reflecting the increased turnover generated from both organic growth as well as acquisitions. Net cash from operating activities defined as cash from operations less interest and tax paid increased by 125.8% to £3.7 million.

Cash outflows from investing activities were marginally higher (7.0%) during 2018 reflecting acquisition of two subsidiaries in the year (£6.1m v £5.8m 2017) as well as cash paid on deferred consideration (£0.3 million).

Cash from financing activities decreased by 23.3% from 2017 due mainly to lower proceeds from share issues (£0.6 million lower) and higher dividend paid (£1.0 million higher) reflecting the £0.8 million final dividend paid for 2017 and the interim dividend paid of £0.6 million for 2018 which compared to the £0.4 million paid in 2017.

This overall resulted in an increase of £2.3 million in cash and cash equivalents from 2017 with £9.6 million balance at the end of the year 2018 (31.4% increase v 2017).

In addition, net cash less bank loans improved year on year, primarily driven by the improvement in net cash. Interest bearing loans falling due after more than one year reduced by £0.7 million whilst loans falling due within one year increased by £1.2 million, mainly due to increasing utilisation of the CID[1] facility we have in place.

Working Capital

Trade Receivables and Payables	2018	2017
Trade and other receivables	£60.3m	£51.8m
Trade and other payables	£56.1m	£51.0m
Gross billing		
Days Sales Outstanding *(based on gross billing)	70.4	81.5
Days Payable Outstanding days *(based on cost of sales)	75.6	91.3

Both trade receivables and payables increased in the year reflecting the increased sales activity undertaken by the Group. Trade receivables increased by 16.4% to £60.3 million and trade payables increased by 10.0% to £56.1 million. Whilst the total balances both increased both debtor days[2] and creditor days[3] showed improving positions reflecting the continued focus on managing the Group's working capital effectively. Debtor days decreased by 13.6% and creditor days decreased by 17.2% year on year.

Administrative Costs Review

Following another year of acquisitions, average staff numbers have increased from 687 to 902 and the number of entities from 26 to 30. This has impacted on total administrative costs of the group which have grown from £25.7 million to £36.4 million (41.9%). The largest element of this increase has been staff costs which have increased by 39.0% from 2017 largely due to the acquisitions of Anglia Forwarding and Import Services Limited.

Operating Costs (Key Items)	2018 £	2017 £	Increase/ (Decrease) %
Staff costs	18.6m	13.3m	39.0
Bad debts	1.1m	0.6m	75.8
Rental payable under leases	5.9m	2.3m	160.6
Insurance	0.7m	0.4m	92.6
Plant & machinery hire	0.7m	0.3m	191.2
Other administration costs	9.4m	8.8m	6.8

Finance Costs

Finance costs have reduced from £0.7 million to £0.5 million year on year due principally to a reduction in bank loan interest as well as an increase in interest receivable from Deposit accounts and Benfleet vendor income. A further benefit arose from the release of discount on deferred consideration.

Acquisitions 2018

On 4 June 2018, the Group acquired 100% of the issued share capital of Anglia Forwarding Group Limited (Anglia), an international freight forwarding and courier business.

The principal reason for this acquisition was to enable the Group to consolidate and enhance their UK freight forwarding distribution services and to allow cross-selling opportunities, especially within the customs clearance areas.

The total consideration payable comprised cash on completion of £1.5 million and cash equal to £0.43 million based on the net working capital adjustment on completion earn-out payments payable over two years.

Goodwill arising on the acquisition amounted to £0.66 million resulting from:

Total Consideration	£2.81m
Intangible Assets	£0.94m
Other Assets	£3.89m
Liabilities	(£2.67m)
Goodwill	**£0.66m**

On 14 July 2018, the Group acquired 100% of the issued share capital of Import Services Limited (ISL) an international port-centric logistics company.

The total consideration payable comprised cash on completion of £6.0 million, share based consideration of £3.0 million, cash at completion equal to £5.77 million, a net working capital adjustment of £0.57 million and two earn-out payments payable over two years.

Goodwill arising on the acquisition amounted to £4.96 million resulting from:

Total Consideration	£16.93m
Intangible Assets	£5.96m
Other Assets	£12.55m
Liabilities	(£6.54m)
Goodwill	**£4.96m**

See note 33 of the financial statements.

[1] CID – Confidential Invoicing Discount facility. Funding is secured on the value of invoices raised

[2] Debtor days defined as trade receivables / gross billings * 365

[3] Creditor days defined as trade payables / cost of sales * 365

Called up Share Capital

16.3 million ordinary shares (2017: 37.4 million) were issued in the year relating primarily to the acquisition of Import Services Limited and the deferred consideration of Easy Managed Transport Limited and Regional Express Limited. Called up share capital at 31.12.2018 was £6.69m (2017 £5.87m). See note 25 of the financial statements.

Impairment

The Group carries out its impairment tests annually in November as part of the budget process and all newly acquired entities are also reviewed for impairment at the balance sheet date.

In October 2017, the Group acquired the entire issued share capital of Benfleet Forwarding Limited. As a result of EU concerns over UK under-collection of duty on Chinese imports, HMRC changed the customs clearance processes being applied in the period. Consequently, Benfleet's Far Eastern customers began experiencing delays and incurring additional costs which resulted in those customers suspending sending containers to the UK. This impacted both the revenues and the profitability of Benfleet during the year.

As a result of this reduced profitability, the Group has carried out an impairment review on Benfleet. Based on the Board's expectations and projected future cash flows, the Group determined an impairment of £1.8 million should be made against the goodwill capitalised upon the acquisition of Benfleet. The impairment charge has been recognised in administration expenses through the Income Statement.

Given the projected reduced profitability of Benfleet, the Group also determined and has agreed with the original vendors of Benfleet that potential deferred consideration totalling £0.6 million, which was the fair value recognised as at 31 December 2017, will no longer be payable. This liability has therefore been written back. Further, the vendors of Benfleet have agreed to reimburse Xpediator a total of £2.1 million from the original initial consideration paid, to be received by the earlier of the share price reaching 93 pence or December 2020. Both the release of the deferred consideration of £0.6 million and the recognition of the receivable from the vendors of Benfleet with a fair value of £2.0 million have been recognised within administrative expenses in the Income Statement. The overall net impact of impairment charge, release of previously recognised deferred consideration payable and recognition of receivable from vendors of £0.6 million has been recognised as a credit to the Income Statement.

No other impairment losses have been recognised during the year.

Changes in Accounting Policy

IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

The major business streams of the Group are as follows:

- **Freight Forwarding**: freight forwarding revenue is recognised over the period of time.
- **Logistic services**: revenue from logistic and warehousing services are recognised over time.
- **Transport solutions**: revenue from transport solutions is related to Affinity, Ferry and trucking services which are recognised at a point in time.

Under IFRS 15, the Group recognises revenue when, (or as), a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation, is transferred to the customer. A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

For the Group the change to IFRS 15 has resulted in reduced revenue of £7.2 million with no material impact to profit for 2018. (see note 3.1.1 for further guidance)

IFRS 9 Financial Instruments

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9 for the first time in 2018 . As a result of the change in accounting standard there has been no significant impact for the Group (see note 3.1.2).

IFRS 16 Leases

IFRS 16 'Leases' has an effective date for annual periods beginning on or after 1 January 2019. This standard has not been adopted early by Group in 2018 but will instead impact the accounts in 2019.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements, however, some additional disclosures will be required.

(See note 3.2.1 and 32 for further detail.)

CASE STUDY

PALL-EX ROMANIA

PALLEX ROMANIA

AN ORGANIC GROWTH STORY

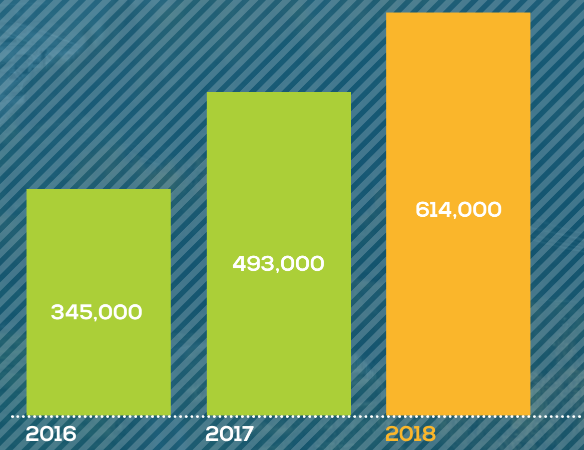
In 2011 Xpediator was responsible for introducing the concept of a pallet network to Romania, having been awarded a franchise by the international pallet operator Pall-Ex to operate exclusively throughout Romania. In the first full year, Pall-Ex Romania delivered 44,000 pallets, since then the operation has been hugely successful and in 2018 delivered 614,000 pallets.

The network concept operates on the basis of a palletised freight express transport service, using a network of regional and central hubs to deliver goods within 24-48hrs throughout Romania.

Pall-Ex Romania's network model utilises a network of 33 hauliers operating across Romania. The service begins when a haulier collects a customers' pallet, then transports it via the quickest and most effective route to a central processing hub, located in Sibiu, central Romania. It is then sorted and loaded onto a haulier's truck for delivery to the destination postal region, along with other pallets intended for the same location. By combining multiple pallets centrally in the Sibiu hub and then forwarding them together it allows customers to quickly and cheaply deliver goods across Romania within 24-48hrs.

The Sibiu hub opened on 12 April 2019 and is expected to substantially increase capacity, reduce time across the platform, enhance customer service and we expect increased profitability.

Established Romania's first national pallet network



> **"Substantial volume growth since 2011**

CASE STUDY

IMPORT SERVICES LIMITED

ACQUISITION-LED GROWTH

Acquired by Xpediator Plc in 2018, Import Services Limited has been an immediately successful acquisition. Import Services Limited is a UK based port-centric logistics company, operating from 3 sites in Southampton.

Managing the movement of freight worldwide, Import Services Limited specialises in retail supply chain logistics for the toy, leisure, gift, games and electronic markets.

Clients include Srixon Sports Europe, Flair, Art Marketing, Melissa & Doug, Talking Tables, Benross, Jazwares, Learning Resources, Voyager Systems, Jakks Pacific, Toymaster & Royal Mail. The company's warehousing and operational base in the port of Southampton has significantly expanded the Group's UK gateway capabilities as well as its Brexit solutions and selling opportunities.

Import Services' bonded distribution centres in Southampton allow stock to be held, free of duty and VAT. Southampton's two ports servicing Far East trade, benefit from a unique double tide providing an exceptionally wide tidal window for access by the World's largest container ships.

Import Services Limited is expected to make a strong contribution in its first full year of ownership by the Group in 2019.

> “Import Services Limited has been an immediately successful acquisition

KEY PERFORMANCE INDICATORS

A qualitative review of the performance during the year is provided in the Chairman, CEO's and CFO's Statements and the results for the year are presented in the Consolidated Financial Statements.

The key indicators of performance for the Group are shown below:

REVENUE
(£000's)

54.1% ↑

2018	**£179,174k**
2017	£116,297k

GROSS PROFIT
(£000's)

48.3% ↑

2018	**£41,684k**
2017	£28,111k

GROSS MARGIN

0.8% ↓

2018	**23.3%**
2017	24.1%

OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS[4] (£000's)

62.3% ↑

2018	**£6,494k**
2017	£4,001k

ADJUSTED PROFIT BEFORE TAX[5]
(£000's)

81.2% ↑

2018	£7,200k
2017	£3,973k

NET CASH LESS BANK LOANS
(£000's)

118.5% ↑

2018	£3,247k
2017	£1,486k

NET CASH FROM OPERATING ACTIVITIES (£000's)

125.8% ↑

2018	£3,733k
2017	£1,653k

[4] Exceptional items include the costs associated with the acquisitions £0.32m - (2017 £0.24m) and listing fees £nil (2017 - £0.67m)

[5] Adjusted earnings exclude the exceptional items relating to the acquisitions £0.32m (2017 – £0.67m) and listing fees £nil (2017 - £0.67m), the non cash interest charge £0.23m (2017 - £0.30m) and the amortisation on the intangible assets relating to the acquired entities, £1.03m (£0.33m).

RISKS AND UNCERTAINTIES

The Group maintains a risk register which identifies the main risks facing the business. This is updated regularly as the risks change.

The risk register is reviewed by the Board to ensure appropriate processes are in place to manage and mitigate the risks where possible. This ensures that risks are identified, evaluated, prioritised, and mitigated.

Key business risks facing the Group are currently addressed on pages 20 to 23, principal risks and uncertainties facing the Group are broadly grouped as Strategic, Commercial and financial risks.

The Group's activities expose it to a limited number of financial risks. The Group aims to manage these risks on a day to day basis. Further analysis of financial risks is provided in note 24 to the financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has identified the following key risks through its risk management process:

Risk	Change in the Year	Mitigation
STRATEGIC		
Regulation and legislation		
The Group operates in diverse regions throughout Europe each with their own respective political environments. The economies and political structures are relatively stable in these regions; however, there would be an impact to the Group as a result of a global economic recession and or a major change in the political landscape.	➡	The Group monitors the changing political, legal and economic factors quarterly as part of the forecasting process, thus ensuring procedures are put in place to mitigate any unfavourable changes. As part of the forecast process the management prepare a review of all the factors affecting the business, this ensures an up to date understanding of the external pressures facing the Group in the regions in which it operates. The Group procures the services of external specialist advisers as required to support the businesses in the regions in which they operate.
Brexit risks		
With the final details of Brexit still to be agreed, there is a level of uncertainty as to the impact the exit from the EU will have on the economy and the customs processes.	⬆	The Group has implemented a specific "Brexit team" who are monitoring the discussions and negotiations with regards the UK's withdrawal from the EU. The Group has identified various opportunities and risks associated with both a hard and soft exit and have implemented and identified measures to mitigate and/or capitalise on these. This includes ensuring system connectivity with CHIEF and working with HMRC to develop interfaces with the new system, CDS, and recruiting and training Custom Clearance staff to manage the additional number of entries following a hard BREXIT. The Group is using one of its businesses, Anglia Forwarding Ltd, to manage the Custom Clearance activity in the UK, as it has the most expertise in this area and is an Authorised Economic Operator (AEO). Viewed as an International mark of customs and security quality, AEO status effectively demonstrates that the supply chain is secure, and that customs controls and procedures are efficient and compliant with HMRC. Post-Brexit, AEO certification will become even more desirable to keep cargo moving. The EU and UK are expected to recognise each other's AEO schemes in a Post-Brexit environment. If there are any changes to the customs formalities in which goods traded with the UK require customs clearance, then the Group is well positioned to provide these services to its client base and thus improving profit and margins. Based on the final deal, the Group will determine the best course of action based on the current plans.

Risk	Change in the Year	Mitigation
STRATEGIC - CONTINUED		
Acquisitions and integration		
There Group has a strategy of organic growth along with growth via acquisition. All acquisitions contain an element of risk, for example, Risk of overpaying, Limited target Company knowledge and or Insufficient operational diligence.	➡	The Group's strategy on all acquisitions is that the consideration is based on a multiple of earnings, with the consideration based on a payment on completion with a further payment based on the future earnings of the acquired entity. All acquisitions have an earnout period which helps mitigate any over payments. Based on this structure the Group mitigates any overpayment as the payment should be largely linear to the profit generated post-acquisition. When considering a potential target, the Group looks at potential entities, which are generally known to the senior management team. This benefits the Group as there is already a knowledge base relating to the potential target and this mitigates some potential risks. The Group looks to minimise any risks associated with the due diligence process by having suitability experienced people involved in the due diligence process, this includes both operational, legal and financial individuals. The Group utilises the services of external specialists to assist with the due diligence process.
IT systems		
IT systems are used to facilitate operations, business management and for record keeping. The threat of an unauthorised or malicious attack is an ongoing risk, which could impact on the performance of the Group. Any downtime because of a systems breach or failure would affect the ability to perform the operations to its optimal level, and thus may affect customer relationships and loyalty.	⬆	Critical systems are backed up regularly and or hosted on third party data centres with appropriate backup redundancy. Disaster recovery plans are in place to ensure business can recover from any interruptions with minimal impact – the main trading websites and internal network is protected by a firewall with frequently updated anti-virus software. In order to mitigate any such risk, the IT systems, whether proprietary or from third parties, are tested for security from attack.
Negative publicity		
The Group utilises a wide range of marketing mediums to promote the business. These include social media as well as digital marketing and more traditional forms ie articles in trade publications. This can leave the Group exposed to third parties posting negative comments.	➡	The external PR advisors, along with the Nomad and corporate brokers, monitor any news articles and publicly published information concerning the Group. As such the Group is immediately made aware of any negative information concerning itself and or any business units. Along with the Group's external PR advisor, the Group has put in place a crisis plan which deals with any negative publicity and manages the fall out accordingly. Once any negative information is notified to the Group the crisis plan is activated and the steps followed accordingly.

Risk	Change in the Year	Mitigation
COMMERCIAL		
Dependence on key suppliers – DKV		
The Transport Services Division is largely reliant on one main supplier, DKV. Any event which leads to the sudden loss or deterioration of this relationship could materially adversely affect the Group's performance prospects, results of operations and financial condition.	→	Over the last 16 years or working together, the Group has developed a strong and successful relationship with DKV. This relationship is supported by a contract which has been in place since 2002. The Senior Operational manager for the Transport Services Division, regularly meets with the DKV Head of International Sales Partner Management where any issues are discussed. The Group CEO also has open dialogue with the Senior Management of DKV to ensure any issues are resolved in a timely fashion.
Dependence on key management		
The Group is dependent on several key skilled personnel in senior positions. Most of senior management have been with the business for several years and during this time have built up a vast amount of knowledge and experience in relation to their roles. The management are a key factor which will determine the success of the business in achieving its strategy. Any loss of the management would have a short to medium term impact on the business.	↓	The Group carries out annual appraisals for the senior management team to ensure they are motivated and highly effective in their roles. The appraisal determines the effectiveness and performance of each member with regards their specific roles. The appraisal system will identify any areas of concerns and make recommendations for any training or development to enable the manager to meet their objectives which will be set for the following year. This will include ensuring the managers have the necessary training to develop into future Senior management roles. The appraisal process will also review the progress made against the prior year's targets to ensure any identified skill gaps are closed. The Group ensures it remuneration packages are competitive and in line with the market.
Competition		
The sectors in which the Group operates is highly competitive. The loss of market share to competitors would have an adverse impact on volume, impacting the operational and financial performance of the Group.	↓	The Group strives to maintain its market position across all Divisions by ensuring high services levels for all its clients. The Group also seeks to offer proactive and innovative solutions to the market. The Group has identified the competitors for each area of business and the management regularly monitor their activity to ensure it is fully aware of their development and any strategic plans which may impact on the Groups activity.
Labour costs		
The Group operates in regions where wage rate inflation is higher than the UK. This is due to a shortage of skilled employees arising from migration. This has meant the Group has had to increase the average salary levels. Any increase in the salaries of employees may have an impact on the profitability of the Group along with issues over procuring the correct labour services.	↑	The Group regularly benchmarks remuneration levels against other employers in the respective region to ensure it is paying the market rates. This process is carried out annually and as part of any new recruitment. The Group reviews employee turnover and conducts exit interviews for the senior management to fully understand the reasons for the termination of their employment.

Risk	Change in the Year	Mitigation
FINANCIAL		
Banking regulations		
The method of operation within the Transport Services Division is closely linked to the EU banking regulations, any changes to these may have a significant impact on the profitability of the Group.	⬇	Transport Services utilises the services of two legal advisors in the markets in which they operate who monitor the changes to the banking regulations and advise the Group of any changes.
Foreign exchange risk		
Group reports its results in sterling but operates in areas where the functional currency is non-sterling, as such it has exposure to foreign exchange risk. Certain liabilities, principally finance leases and borrowings, are denominated in foreign currencies, which are retranslated at the prevailing exchange rate at the balance sheet date.	⬇	Currently the Group has not entered into any exchange rate hedging mechanisms but looks to mitigate exchange losses internally by matching the revenue and cost base in the same currency as far as possible. The position is monitored regularly to ensure that the Group achieves its optimal position with regards any exchange losses.
Liquidity risk		
The Group has sufficient liquid resources to meet the operating needs of the business as per currently forecast. Any changes to the profitability to the business may impact on the Group's Liquidity.	⬇	The Group continually assesses its cash requirements by undertaking regular and frequent reviews of cash flow forecasts. These are reviewed by the Board to monitor any changes to the funding requirements. The Group believes that currently it has sufficient working capital and funds available to meet its strategy and growth plans. Funds may be transferred between Group entities to assist in managing this risk.
Interest rate risk		
There is a risk that the interest cost will fluctuate over time. Assets financed through finance leases are leased at fixed interest rates. Borrowing rates are dependent on Libor / Euribor fluctuations. The long-term debt of the Group is denominated in sterling and is based on a blend of fixed rate and margin above base, which currently has a blended average rate of approx. 4% per annum	➡	The Group will constantly monitor its borrowings to see if there is a suitable hedging product which will mitigate any interest rate rises. For any new borrowings, the Group will seek a suitable hedging facility, if appropriate.

Key

⬆ = Risk increase

➡ = Risk remains consistent

⬇ = Risk lowered

The Strategic Report was approved on behalf of the Board on 26 April 2019 and signed on its behalf by:

Stephen Blyth
Chief Executive Officer

BOARD OF DIRECTORS

Michael Alexander (Alex) Borrelli

Non-executive Chairman aged 63)

Alex initially studied medicine and then qualified as a chartered accountant in 1982. He has subsequently been active within the investment banking sector and has acted on a wide variety of corporate transactions in a senior role for over 20 years, including flotations, takeovers, mergers and acquisitions for private and listed companies.

He is also currently Non-executive Chairman of Greatland Gold plc and of Black Sea Property plc. Alex was appointed Chairman of Xpediator in January 2017.

Stephen William Blyth

Chief Executive Officer (aged 64)

Stephen qualified as a chartered accountant in 1981. In 1984 Stephen joined one of his audit clients, Bleckmann (UK) Limited, a logistics Company, as managing director. Bleckmann was a subsidiary of Frans Maas, a listed Dutch logistics and freight forwarding Company, subsequently acquired by DSV, a listed global transport and logistics entity in Denmark.

Having turned around the fortunes of Bleckmann and securing new business from the likes of Gap and Next and introducing new service lines, Stephen left Bleckmann in 1988 to set up the Group.

In addition to Xpediator, Stephen has been involved in a number of other businesses across a broad range of activities.

Stuart John Howard

Chief Financial Officer aged 48)

Stuart qualified as a chartered accountant with Deloitte in 1999. Stuart was previously Chief Executive of Dollar UK, the alternative financial services provider, and has prior experience as both Chief Operating Officer of Listed Products at Harbourvest Partners and 3i, where he was variously Chief Operating Officer of Asia and Americas, Chief Financial Officer of Infrastructure and Finance and Operations Director of Quoted Private Equity.

Stuart brings vast experience within the financial services and private equity sectors as well as a strong knowledge of working with listed Companies. Stuart joined the Board of Xpediator in September 2018.

Geoffrey (Geoff) Michael Gillo

Non-executive Director (aged 66)

Geoff qualified as a chartered accountant with Peat Marwick Mitchell & Co in 1976. Moving in to logistics with United Transport Co Ltd (part of BET plc) he qualified as a chartered member of the Institute of Logistics and Transport. Following periods in automotive retail and contract hire, food manufacturing, processing and retailing he returned to logistics and supply chain management becoming the European Commercial and Finance Director of Tibbett & Britten Group plc. He is a founder director and shareholder of The Keswick Enterprises Group Ltd and has held and holds non-executive directorships in a number of logistics companies, including Non-executive Director of Delamode between 2004 and 2010. Geoff was appointed to the Board of Xpediator in January 2017.

Robert (Rob) James Riddleston

Non-executive Director (aged 64)

Rob joins the Board of Xpediator having spent 45 years with Barclays as a senior corporate banker. Rob has extensive experience of the logistics sector as Head of Transport & Logistic at Barclays since 2005.

Rob is an associate of the chartered institute of bankers and fellow of the institute of logistics and transport. Rob authored the Barclays Logistics Confidence Index from 2012 to 2017. Rob joined the Board of Xpediator in June 2018.

THE GROUP BELIEVES THAT GOOD GOVERNANCE WILL RESULT IN THE CONTINUED SUCCESS OF THE GROUP AND IMPROVE SHAREHOLDER VALUE.

CORPORATE GOVERNANCE STATEMENT

COMPLIANCE STATEMENT

Introduction to Corporate Governance

The Board recognises the importance of maintaining and developing good corporate governance throughout the Group for the wider benefit of the Company, its shareholders, employees, customers and suppliers and applies the governance principles of the UK's Quoted Companies Alliance Corporate Governance Code (2018) which is tailored for small and mid-sized quoted companies ("QCA" Code).

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

The Group has considered how each principle is applied within the business and the appropriateness of each approach. Below is an explanation of the approaches taken in relation to each principle.

Details of the Group's QCA policies are shown on the company website on the following address, https://xpediator.com/wp-content/uploads/2016/10/QCA-Statement_Xpediator-Plc_2018.pdf

We recognise the importance of good corporate governance being led by the Board and we established an appropriate Board structure in accordance with regulatory compliance on the listing of the Company's shares on the AIM market of the London Stock exchange in August 2017, with the Board then comprising two independent non-executive directors and two executive directors. On 31 May 2018, the Company announced the appointment of Robert Riddleston as a third independent non-executive director with effect from 1 July 2018.

Rob is an experienced corporate banker with extensive experience of the logistics sector and corporate banking through his career at Barclays. In 2005, he became head of Barclays' Transport & Logistics division, responsible for managing corporate clients across the sector in the UK and leading industry sector strategy. As well as being an Associate of the Chartered Institute of Bankers, Rob is also a Fellow of the Institute of Logistics & Transport, has authored Barclays' Logistics Confidence index since 2012 and is a frequent guest speaker and judge at logistics sector conferences and awards ceremonies.

Subsequently, Rob was appointed chairman of the Remuneration Committee. Together with Geoff Gillo, non-executive Director and chairman of the Audit Committee, and Alex Borrelli as non-executive Chairman of the Company, we comply with general governance best practice for a majority of independent non-executive Directors on the Board.

There was a Board change to the executive directors in the year following Stuart Howard's appointment as chief financial officer, with effect from 1 September 2018, replacing Richard Myson who, we are pleased to report, has recently re-joined the Company as Head of Internal Audit reporting to the Head of the Audit Committee. Stuart is a qualified chartered accountant with a wide range of experience as a Chief Financial Officer, chief operating officer and chief executive in the financial services and private equity sectors.

The Board reviews and considers the performance and outlook of the Group ensures that proper internal controls and systems are in place to allow proper financial monitoring and regulatory compliance. The Board has taken steps during the year to enhance the Group's IT systems and team.

On 2 March 2018, the Company announced the appointment of Michael Grange as the Group's new Chief Information Officer and Michael has joined the Group's operational Board. He was previously a Managing Director at REPL Group, developing products and delivering software solutions for tier one retailers here in the UK and in the United States and was for seven years at the Tesco Group, where ultimately, he was the Head of Technology for Group Retail Development.

Subsequently, the IT department has implemented systems in compliance with the General Data Protection Regulations and is currently focused on ensuring adequate cyber security across the Group, upgrading our legacy systems and focusing on the use of cloud services for greater security away from servers on local premises.

The strengthened Board and senior management team is focused on strategic direction and development ensuring that appropriate governance and controls in place to support our delivery on strategy and the growth of our business both organically and through acquisitions. We will be closely monitoring changes in governance covering reporting on systems, gender pay reporting and general provision for our employees as we seek to develop our HR function during the current year.

We welcome dialogue with our shareholders and potential investors and look forward to welcoming you at our forthcoming AGM in June. You will also be able to make contact with the Company through our Company Secretary.

Principle One

Establish a strategy and business model which promote long-term value for shareholders

The Group's strategy and business model and amendments thereto, are developed by the Chief Executive Officer and his senior management team and approved by the Board. The senior management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level.

In order to deliver the optimal medium and long term value for its shareholders, the Board has adopted a strategy of continued organic growth across each of its business areas, together with the acquisition of strategically enhancing businesses which will complement the Group's existing operations in terms of new service offerings, capacity and/or geographic expansion.

Operating in a large, diverse yet fragmented sector, there are many opportunities for organic growth and M&A activity. Acquisitions should strategically enhance the Group's ability to offer a one stop solution to an ever-increasing customer base whilst also providing cross-selling opportunities, potential cost synergies and additional internal resources, thereby providing an improved service to our clients.

The Group's ability to execute its strategy is highly dependent on the skills and abilities of its people. We undertake ongoing initiatives to foster good staff engagement and ensure that remuneration packages are competitive in the market.

The Board believes the Group has the right strategy in place to deliver strong growth in profitability over the medium to long term which will enable the Group to deliver sustainable shareholder value.

The Board continually reviews its strategy and identifies the risk and uncertainties it faces in achieving this, details of which can be found on pages 20 to 23 of these accounts, under the heading "principal risks and uncertainties".

Principle Two

Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining a regular dialogue with both existing and potential new shareholders in order to communicate the Group's strategy and progress and to understand the needs and expectations of shareholders.

The Chief Executive Officer and Chief Financial Officer are principally responsible for shareholder liaison and have regular dialogue with institutional investors in order to develop an understanding of their views.

The Group's investor relations activities encompass dialogue with both institutional and private investors. Meetings are held with analysts, investors and institutional shareholders of the Company following the interim and annual results announcements as well as on an ad hoc basis (where requested by fund managers).

These presentations are given by the Chief Executive Officer and the Chief Financial Officer, updating on relevant matters and, in particular, on the progress of the Company in terms of its operational performance, financial performance and strategic direction. The Company is also a regular presenter at private investor events and the Chief Executive Officer has also provided regular market updates through filmed interviews and podcasts available via links published on the website.

The Company also endeavours to maintain a dialogue and keep shareholders informed through its public announcements and its corporate website, www.xpediator.com. The Group's Annual Report as well as investor presentations are available on this website.

The Annual General Meeting of the Company, normally attended by all Directors, gives the Directors the opportunity to report to shareholders on current and proposed operations and enables shareholders to express their views of the Group's business activities. Shareholders are encouraged to attend and are invited to ask questions during the meeting and to meet with Directors after the formal proceedings have ended.

The Company has engaged the services of Equity Development who publish comprehensive research on the Group which is available to shareholders on the website.

In addition, shareholder communication is answered, where appropriate, by the Directors or the Company's Financial PR advisors.

The AGM is the main forum where all investors can meet with the Board but gives the retail investors a platform to discuss any matters they have.

Advance notice of the AGM is made available to all shareholders no later than 21 days before the meeting. All members of the Board normally attend the AGM and are available to answer any questions raised by shareholders. The AGM for 2018 was held on the 28 June 2018.

The Board proactively seeks to build relationships with all institutional shareholders by with regular presentations being given by the Chief Executive Officer and Chief Financial Officer immediately following the release of the full-year and half-year results.

Also, the Board is in regular contact with the analysts to ensure any announcements or trading updates are reflected in the market expectations. The CEO and CFO visited the institutional investors in May and September of 2018 in relation to the above.

The Board is kept updated as to any concerns the investors may have by regular communication with the Company's NOMAD and brokers. All publicity concerning the Group is circulated by the Company's PR company Novella to ensure the Board is up to date with the public impression of the Company.

The Board is available to meet with all major shareholders if required to discuss issues of importance to them.

To request a meeting with the Board, please contact investor.relations@xpediator.com.

Principle Three

Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the success of the Company is reliant on the stakeholders of the business and, to this effect, the Company engages with these stakeholder groups on a regular basis.

The Board recognises its responsibility under UK corporate law to promote the success of the Company for the benefit of its members as a whole. The Board also understands that it has a responsibility towards employees, partners, suppliers and contractors and the local communities in which it operates.

The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

Aside from the regular meetings with investors, the Group also engages regularly with its suppliers and customers, and employees. The Board considers the employees as one of the key stakeholders within the Group and as such welcomes any feedback to ensure the alignment of both party's interests. This feedback can be provided by the use of on-site suggestion boxes for internal stakeholders, employee committee forums, and access to members of the Senior Operating Board, details on whom are set out at https://xpediator.com/board-of-directors and available on +44(0) 330 043 2395.

During the year the Operational Board and Senior management has met with the key suppliers and clients on numerous occasions. This is to ensure the ongoing relations are maintained and developed ensuring the success of the Group's strategy.

As part of our Group's procurement policy it ensures all suppliers adhere to the Company's Bribery and Corruption policy as well as its policy on modern slavery, which is available on the Company's website https://xpediator.com/modern-slavery-statement

Principle Four

Embed effective risk management, considering both opportunities and threats

The Board has overall responsibility for ensuring risk is appropriately managed across the business. The Board sets clear strategic objectives for the business. The risks to the achievement of those objectives are identified by corporate and divisional management. The audit committee provides further independent review and robust challenge.

The Board is satisfied with the effectiveness of the system of internal controls but, by their very nature, these procedures can provide reasonable, not absolute, assurance against material misstatement or loss.

This is particularly the case when integrating the operational and financial procedures of acquired businesses. Identified risks are evaluated, both before and after controls and mitigating actions have been applied, as to their likelihood of occurring and potential financial and reputational impact. Risks are treated in accordance with risk appetite, which has been defined by the Board across a range of risk categories.

The Group has initiated an Internal Audit function to help the Board monitor risks and ensure implementation of the Group's policies.

A more formal structure for the internal audit function is to be adopted by the Board in short course, including the targeting of certain key areas by the Internal Audit function as well as the subsequent reporting of their findings back to the Audit Committee. Through the activities of the Audit Committee, the effectiveness of the Group's internal controls as well as the Group's risk strategy is reviewed annually with the Company's auditors.

The success of the Group depends on its ability to mitigate and understand the risks facing the business and take appropriate action. The Board meets at least quarterly to evaluate the Group's risk appetite and ensure the risk register reflects the issues facing the business.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's actual results, compared to the budget, are reported to the Board on a monthly basis.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group.

The insured values and type of cover are comprehensively reviewed on a periodic basis.

The CEO and CFO meet members of the Group's Operating Board on a monthly basis to discuss their business area and to consider new risks and opportunities presented to the Group, making recommendations to the Board and/or Audit Committee as appropriate.

A summary of the principal risks and uncertainties facing the Group, as well as mitigating actions, are set out on pages 20 to 23 of these accounts

Principle Five

Maintain a balanced Board

The members of the Board recognise that they have a collective responsibility and legal obligation to promote the interests of the Group. They are also responsible for ensuring the Group has adequate corporate governance policies in place to protect the business.

Currently the Board consists of 3 Non-Executive Directors, and two Executive Directors.

Details of the directors including brief biographies are set out on pages 24 and 25 of these financial accounts.

All Directors are subject to re-election at intervals of no more than three years.

The Board is responsible to the Company's shareholders for the proper management of the Group and met 6 times throughout the year. All Board members are encouraged to attend all meetings and were invited accordingly details of their attendance are shown in the table below.

In addition to the various committees established by the Group, the Board considers corporate governance as part of the board meetings. Each meeting follows a standard agenda, of which Corporate Governance is one such point. This ensures and allows the Board members to consider the issues facing the business regularly and frequently to ensure compliance across the group. Any action points arising from these discussions are then followed up accordingly.

Given the nature of the Group's operations, during the year the Board focused on a full review of its health and safety procedures and in doing so procured the services of an external risk assessment specialist who carried out assessments on the areas which create the highest levels of risk and or exposure.

During the year, the Board has also focused on Treasury controls and has instructed an external advisor to review the current treasury management process and suggest improvements. The Board has reviewed these changes and implemented them accordingly. This has helped improve the Group's working capital ratios.

The Board has established an Audit Committee and a Remuneration Committee, but given the size of the Company the Board does not consider a nominations committee is required and all appointments to the Board are made by the Board as a whole.

During the year the Board utilised the services of an external provider who gave guidance on the implementation of a group share option scheme. This review is still ongoing, but it is envisaged it will be completed in 2019, after which the Group will implement an employee share scheme based on the provider's recommendations.

The Board considers it collectively has an appropriate balance of skills and experience, as well as an appropriate balance of personal qualities and capabilities.

The Board will continue to review the situation and make any necessary appointments as required to maintain this balance or to reflect the scale and complexity of the business as it grows.

Principle Six

Ensure that between them the directors have the necessary up-to-date skills

The Board considers that all of the non-executive directors are of sufficient competence and calibre to add strength and objectivity to its activities and bring considerable experience in the financial and operational development of the Group.

The Board also has the relevant professional and technical skills to ensure they are able to fulfil their duties. The CEO is a qualified chartered accountant with over 35 years' experience in the logistics sector and the CFO is a qualified chartered accountant with 20 years' experience in both finance and operational roles.

The Board believes that the current skills of the directors reflect a broad range of both commercial and professional skills across the relevant industries and territories in which the Group operates, plus the Board has sufficient experience of operating in public markets.

The Company does not however have a director designated as a Senior Independent Director.

In light of the size of the Board, and the nature and size of the Group's stage of development, the Board does not consider it necessary to appoint a Senior Independent Director at this stage but will nevertheless keep this under review as part of the Board's evaluation on Board effectiveness.

The Company is committed to a culture of equal opportunities for all employees regardless of gender. The Board will be diverse in terms of its range of culture, nationality and international experience. All 5 Directors are currently male, and there is one female on the Operating Board. If it is agreed to expand the Operating Board and main Board at a later date, (or indeed if/when new replacement directors are sought in the future), the Board will, when identifying appropriate candidates, look to include female candidates for consideration in senior and also Board roles.

Principle Seven

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The members of the Board are evaluated each year by the way of an annual appraisal by their peers. The appraisal determines the effectiveness and performance of each member with regards their specific roles as well as their role as a Board member in general.

The appraisal system will identify any areas of concerns and make recommendations for any training or development to enable the Board member to meet their objectives which will be set for the following year. The appraisal process will also review the progress made against the prior year's targets to ensure any identified skill gaps are closed.

The appraisals were carried out in December for all Board members, except for Stuart Howard due to his recent employment.

Each member of the Board completed their own assessment of their performance during the period and also of each other, the assessments were then reviewed by the Chairman and a discussion was held with each Board member. The performance review has only been undertaken once to date and subsequent reviews will compare performance against previous such reviews.

The appraisals considered the key core skills of the Board which covered the following areas, leadership skills, strategic thinking and planning the delivery of results, the management of people, communication, management of financial and other resources, personal effectiveness, expertise and intellect and judgement.

The appraisals considered the performance of the members of the Board over the previous 12 months and identified areas of improvement.

As well as the appraisal process, the Board will monitor the Non-Executives status as independent to ensure the suitable balance of Non-Executive and Executive members remains in place.

Succession planning is also a vital task for boards and the management of succession planning represents a key responsibility of the Board.

Whilst the Board considers this evaluation process is currently best carried out internally, the Board will keep this under review and may consider independent external evaluation reviews in due course as the Group grows.

Principle Eight

Promote a corporate culture that is based on ethical values and behaviours

The board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. Our core values serve as a common language that allows all members of staff to work together as an effective team and it is these values and our shared long-term business vision and strategy that we believe will drive growth in shareholder value over the long term.

The Board is committed to three core values:

1. Creating a safe, positive and inclusive workplace environment
2. Engaging all stakeholders and the broader community with respect, integrity and honesty
3. Fostering a high-performance culture that values the contribution of all team members

The Board seeks to maintain the highest standards of integrity and probity in the conduct of the Group's operations because the Board recognises that the culture of any business is set by the actions and conduct of its Board of Directors. These values are enshrined in the written policies and working practices adopted by all employees in the Group. The Board takes the time to consider the wider ramifications to its stakeholders when making strategic and corporate decisions, whilst at the same time delivering the long-term objectives of stakeholders.

In order to ensure the core values are continually applied and adopted, the Board seeks to recruit the best talent available and create a diverse talent pool, to investing in the capabilities and well-being of our people which in turn contribute to the positive relationships with our customers and suppliers and within the communities that we serve.

The Board conduct interviews and obtain references for all senior management recruits, it carries out further reviews following a period of induction. It also conducts exit interviews with departing personnel in order to obtain feedback for the possible improvement of our systems and structure

The Board rewards the teams on the basis of success as measured by financial and non-financial performance, as judged by the operational chief operating officers and by the audit committee including the internal audit function, particularly related to the areas identified by control over financial and non-financial risk.

2019 will see the Board develop further the human resource and internal audit functions in order to be able to support our organisation as it grows in terms of activities, personnel and countries of operations and are also focusing on training schemes and more direct group participation.

Having open communications with stakeholders allows them to give constructive feedback to the Board and enables the Board to monitor the reactions of those stakeholders to decisions made.

The Group believes in openness, integrity, honesty and trust as its core values, which it promotes through each of its different business units. The Group operates in international markets and is aware that respect of individual cultures is critical to corporate success. Accordingly, the Board endeavours to promote sound ethical values and behaviours and treats its customers, suppliers and business partners with such respect at all times.

The Board has implemented a code for Directors' and employees' dealings in securities which it considers to be appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation.

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility in this area. The Group operates a Health and Safety Committee which meets monthly to monitor, review and make decisions concerning health and safety matters. The Group's health and safety policies and procedures are enshrined in the Group's documented quality systems, which encompass all aspects of the Group's day-to-day operations.

During the year the Board has reviewed its whistleblowing process which seeks to safeguard the Group and its employees.

As well as good practice in terms of corporate governance, it also provides employees with a process to raise any suspected wrong doings, misconduct or illegal acts that they have witnessed or become aware of.

This reconfirms the Group commitment to promoting the highest possible standards of openness, integrity and accountability across the business.

A full copy of our Whistleblowing Policy is attached and can also be found on our website: https://xpediator.com/whistleblowing-policy

In 2019 the Company became a corporate partner for the Transaid charity. Transaid seeks to improve the lives of those involved in the logistics industry globally.

Principle Nine

Maintain governance structures and processes that are fit for purpose and support

The Board recognises that the responsibility for ensuring the Group operates in the correct manner is ultimately theirs and as such the Board has implemented various sub-committees and an Operating Board which helps implement the strategy of the Board. The executive directors have day-to-day responsibility for the operational management of the Group's activities. The non-executive directors are responsible for bringing independent and objective judgement to Board decisions.

There is a clear separation of the roles of the Chief Executive Officer and the non-executive chairman. The Chairman is responsible for overseeing the effectiveness of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the non-executive directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters in the Group. The Chief Executive Officer is responsible for implementing the strategy of the Board and managing the day-to-day business activities of the Group.

The Board has established an audit committee and a remuneration committee with formally delegated duties and responsibilities.

Audit Committee

The Audit Committee has continued to play a key role in supporting the Board in all matters relating to financial reporting and governance.

During the year the Audit committee met 3 times during which they oversaw the review of the risk register, ensuring the Board has a full understanding of the risk and exposures facing the business.

Given the implementation of the GDPR in 2018, the committee ensured that the Group had adequate processes in place to safeguard it position in terms of the new regulations.

The Audit Committee is composed entirely of Non-Executive Directors. meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls.

The Audit Committee also keeps under review the scope and results of the annual audit. It considers the cost-effectiveness, independence and objectivity of the Auditor taking account of any non-audit services provided by them.

Principle Ten

Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining good communication with its shareholders. The Group has good relationships with its private shareholders and institutional shareholders who have regular access to the Executive Board to discuss the business development and progress as appropriate. The Investor Relations section of the Group's website also provides all required regulatory information as well as other helpful information for shareholders and other relevant stakeholders including podcasts and presentations.

Results of shareholder meetings and details of votes cast will be publicly announced through the regulatory system and displayed on the Group's website with suitable explanations of any actions undertaken as a result of any significant votes against resolutions.

In accordance with the regulations, the Company lists all the governance related announcements on its website, details of which can be found on the company website; https://xpediator.com/regulatory-news-service

Details of the Company's AGM and associated results are published on the company website, see following link. https://irpages2.equitystory.com/websites/rns_news/English/1100/news-tool---rns---eqs-group.html?iframe=true&article=27665518&company=Xpediator.

The results of voting on all resolutions in future general meetings will be posted to the Company's website, including any actions to be taken as a result of resolutions for which votes against have been received from at least 20% of independent votes.

Details of the Company's historical reports can be found on the Company's website, see following link; https://xpediator.com/investor-relations/results-and-announcements-2

This Corporate Governance statement will be reviewed at least annually to ensure that the Company's corporate governance framework evolves in line with the Company's strategy and business plan.

MEETINGS AND ATTENDANCE

The directors' attendance at Board and Committee meetings during the year is shown below:

	PLC Board	Remuneration Committee	Audit Committee	Operational Board
Meetings held during the year	6	4	3	11
Director's Attendance				
Alex Borrelli	6	4	3	8
Stephen Blyth	6	–	–	11
Stuart Howard/Richard Myson	5	–	–	10
Geoff Gillo	5	4	3	2
Rob Riddleston	4	2	2	2

The operating board, which consist of the Group's executive directors and the COOs of the operating divisions meet regularly to discuss matters relating to the development of the Group and ongoing financial performance.

INTERNAL CONTROLS AND FINANCIAL RISK MANAGEMENT

The Board is responsible for establishing and maintaining the Group's financial and non-financial controls. The Board recognises that whilst internal controls reduce risk it cannot eliminate it completely.

The key procedures, which the Directors have established with a view to providing effective internal controls are set out below.

The Board sets policies, which it reviews regularly directly and through the audit committee, ensures that these policies are appropriate to mitigate key strategic, financial, operational, compliance and reputational risks.

Authorisation limits are in place

The Board ensures that there is an appropriate finance function for each business unit within the Group with the appropriately qualified and experienced professionals dependent on the size and complexity of the respective business.

Each business unit prepares monthly financial reports, which are circulated to the Group, which details operating results, cash flow, balance sheet information, compared to the budget and latest estimate.

Each business unit has clearly defined segregation of duties, authorisation limits and other key internal controls in place, which are suitable for the respective entity, dependent on the size and nature of the business unit.

Financial planning and monitoring

The Group sets annual budgets, which detail the operating results, cash flow, balance sheet information. These are updated at least twice in the year, all of which are subject to Board approval.

The Board reviews the business performance monthly by comparing the financial information, against the budget and latest estimate.

Policies, procedures and authorisation limits

The Group has adequate authorisation limits in place, which cover the key areas for the business units.

QUALITY AND INTEGRITY OF PERSONNEL

The competence and integrity of personnel are ensured through high recruitment standards and subsequent training. High quality of personnel is seen as an essential part of the control environment.

IDENTIFICATION OF BUSINESS RISKS

The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks.

GOING CONCERN

The Directors have prepared the financial statements on a going concern basis, as explained in Note 3 to the financial statements. As at 31 December 2018, the Group had cash or cash equivalent totalling £9,647,000. The Group also has funding facilities in place which it does not envisage will be withdrawn thus there are sufficient funds available to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements.

DIRECTORS' REMUNERATION

The Board is responsible for an overall remuneration package for each of the executive directors and other senior executives capable of achieving the Company objectives and approved by the remuneration committee. Remuneration packages are designed to attract, retain and motivate directors of the right calibre.

FEES

The fees for non-executive directors are determined by the Board within the limits stipulated in the Articles of Association. The non-executive directors are not involved in any discussions or decisions about their own remuneration. Details of amounts received by the Directors during the year ended 31 December 2018 are set out in note 7 to the financial statements.

CONTRACTS OF SERVICE

The current executive directors have service contracts with the Company, of whom Stephen Blyth's can be terminated with a notice period of nine months by either party, and Stuart Howard's can be terminated with a notice period of six months by either party. The Board considers that this is appropriate.

SHARE OPTIONS

Details regarding share options are set out in note 27 of the financial statements.

COMMUNICATIONS WITH SHAREHOLDERS

The Directors consider that the Annual Report is fair, balanced and understandable.

DIRECTORS

The Directors of the Company who were in office during the year to the date of signing the financial statements unless otherwise stated were:

- Alex Borrelli (Non-executive Chairman)
- Stephen Blyth (Executive Director)
- Geoff Gillo (Non-executive Director)
- Stuart Howard (Executive Director)
- Rob Riddleston (Non-executive Director)

LONG TERM INCENTIVES

During the year, the Executive directors were granted share options with various vesting dates ranging from November 2018 to May 2021. The options are targeted to EPS growth to align the Board's focus to that of the investors.

Alex Borrelli and Geoff Gillo both have share options which are required to be exercised 10 days after approval of the Group's audited accounts for the year ended 31 December 2018. The options are targeted to EPS growth to align the Board's focus to that of the investors.

Full details of the share options are disclosed in note 27 of the accounts.

DIRECTORS REMUNERATION

DIRECTORS' REMUNERATION

The remuneration of Directors for the year ended 31 December 2018 was as follows:

DIRECTOR

Director	Base Salary £000	Bonuses £000	Share Option £000	Other benefits £000	2018 Total £000	2017 Total £000
Alex Borrelli	50.0	10.0	15.3	–	75.3	57
Stephen Blyth	241.7	75.0	1.9	12.3	330.9	191.4
Geoff Gillo	25.0	–	7.7	–	32.7	28.5
Stuart Howard	75.0	37.5	1.5	1.8	115.8	–
Richard Myson	100.0	15.0	–	4.3	119.3	112.3
Rob Riddleston	12.5	–	–	–	12.5	–
Total	**504.2**	**137.5**	**26.4**	**18.4**	**686.5**	**389.2**

DIRECTORS AND THEIR INTERESTS- INTEREST IN ORDINARY SHARES OF 5P

The Directors of the Company held the following interest in the ordinary shares of Xpediator plc:

Director	31 December 2018 Number	31 December 2018 %	31 December 2017 Number	31 December 2017 %
Alex Borrelli	–	–	–	–
Stephen Blyth[5]	34,840,000	26.06	34,840,000	29.67
Geoff Gillo	–	–	–	–
Richard Myson	3,955,000	2.96	4,000,000	3.41
Rob Riddleston	2,003	0.00	-	-
Total	**38,797,003**	**29.02**	**38,840,000**	**33.08**

[5] shares held via COGELS Investment Limited

SHARE OPTIONS AND WARRANTS

The Directors of the Company held the following options for Xpediator plc which were issued to the

Director	Granted in the year Number	31 December 2018 Number	Exercise price Pence	Vesting Date	Expiry Date*
Alex Borrelli	–	416,667	24.00	May 2019	May 2019
Stephen Blyth	857,143	857,143	70.00	November 2018 to May 2021	December 2019 to December 2021
Geoff Gillo	–	208,333	24.00	May 2019	May 2019
Stuart Howard	642,857	642,857	70.00	November 2018 to May 2021	December 2019 to December 2021
Richard Myson	–	–	–	–	–
Rob Riddleston	–	–	–	–	–
Total	**1,500,000**	**2,125,000**			

* Full details are disclosed in note 27 of the accounts

DIRECTORS REPORT

PRINCIPAL ACTIVITIES

Xpediator is an AIM listed freight management company which includes freight forwarding, logistics and the provision of services to the transport sector (Affinity Division). The Group has been in the business of freight management for over 30 years.

The consolidated Financial Statements give the Group results for the year ended 31 December 2018.

The Group and its subsidiaries operate from a network of 11 countries in Europe, mainly in Central and Eastern European areas and the UK.

The Group's overall financial objectives are to increase revenue, profitability, network coverage and enhance the asset base supporting the business. In order to monitor its progress towards achieving these objectives, the Group has set a number of key performance indicators, which deal predominately with revenue, profitability, margin and cash flow as per pages 18 and 19 in the Strategic Report.

RESULTS AND DIVIDENDS

The Group reports its Consolidated Financial Statements in accordance with International Financial Reporting Standards, the results of which for the year are set out in the Consolidated Statement of Comprehensive Income on page 48.

The Directors recommend a final dividend for the year of £0.0084p per share payable in July 2019 (2017: £0.0064p per share). An interim dividend of £0.0042p per share was paid during the year (2017: £0.0035p). The estimated final dividend to be paid is £1.7 million (2017: £1.1m).

SHARE CAPITAL

Details of the changes in the share capital are set out in note 25 to the financial statements.

At 31 December 2018, the Company had been notified of the following interests amounting to 3% or more of the voting rights attaching to the Company's issued share capital:

Significant Shareholder	Percentage of issued share capital
Cogels Investments Limited	26.1%
Mr Shaun R Godfrey	16.4%
Mr Sandu Grigore	11.3%
Berenberg Bank	5.7%
Cavendish Asset Management	5.4%
Rathbone Investment Management	4.3%
Mr Danor Ionescu	3.0%
Mr Richard Myson	3.0%

FINANCIAL INSTRUMENTS

As at 31 December 2018 the Company had borrowings from Lloyds bank in the UK and an invoice discounting facility provided by Barclays bank totalling £6.2 million. The financial risk management objectives and policies are disclosed in note 24 and summarised on page 23 in the strategic report.

DIRECTORS

The Directors of the Company during the period and to the date of this report are as follows:

Executive

- Stephen Blyth
- Stuart Howard
- Richard Myson (resigned 3 September 2018)

Non-Executive

- Alex Borrelli
- Geoff Gillo
- Rob Riddleston

The biographical details of the Directors are given on pages 24 and 25 and the Directors' remuneration, share options, long-term executive plans, pension contributions, benefits and interests are set out in the Directors' remuneration report on page 36.

DIRECTORS' INDEMNITY PROVISIONS

The Group purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

POLITICAL DONATIONS

The Group made no political donations in the financial year.

EMPLOYEE INVOLVEMENT

The Group regularly consults with the employees of the Company to ensure that their opinions are considered when decisions are made that are likely to affect their interests.

Details of the Group's activities are regularly communicated to the employees via a Company employee newsletter, plus the regular circulation of Company announcements which include the interim and annual results.

EQUAL OPPORTUNITIES

The Group is committed to eliminating discrimination and encouraging diversity. Its aim is that each employee is able to perform to the best of their ability.

As such it is the Group's policy to employ the best person for the role, irrespective of gender, nationality, race, sexual orientation or disability. As such applications for employment by disabled individuals are given full and fair consideration. If an employee becomes disabled, the Group makes every effort to retrain them in the business in a suitable role.

STATEMENT, AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors in office on 26 April 2019 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware.

Each Director has confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR RE-APPOINTMENT

BDO LLP have expressed willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006 a resolution to re-appoint BDO LLP will be proposed at the AGM.

RELATED PARTY TRANSACTIONS

Any related party transactions required to be disclosed under the AIM rules are disclosed in note 29 to the financial statements.

MODERN SLAVERY ACT

Our Anti-slavery policy, which sets out our commitment to preventing modern slavery and human trafficking from occurring within any part of our business and supply chain, is available on our website, www.xpediator.com.

SUBSEQUENT EVENTS AND FUTURE DEVELOPMENTS

The Group has no post balance sheet events.

Planned future developments are disclosed in the strategic report on page 3.

GOING CONCERN

The Directors are satisfied that the Group has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements and that it is appropriate to prepare financial statements on the going concern basis. Further details are given in note 3 to the financial statements.

APPROVAL

This Directors' report was approved on behalf of the Board on 26 April 2019. and signed on its behalf by:

Stephen Blyth
Chief Executive Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law and as required by the Alternative Investment Market rules of the London Stock Exchange, the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 Company and of the profit or loss of the Group 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;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- 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 Group's and 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 requirements of 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.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the Financial Statements contained therein.

This report was approved by the board on 26 April 2019 and signed on its behalf by:

Stephen Blyth
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XPEDIATOR PLC

OPINION

We have audited the financial statements of Xpediator Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 December 2018 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 United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we addressed the matter in our audit
Accounting for acquisitions During the year, the group acquired the entire shareholding of Anglia Forwarding Limited (and its subsidiary undertakings) for a consideration of £2.8m and Import Services Limited for a consideration of £16.9m. There are three main judgemental areas in the accounting for the acquisition of each acquisition: • The estimation of the valuation of the deferred contingent consideration based on the expected future performance of the companies acquired at the date of acquisition; • Whether the deferred contingent consideration represents part of the cost of the acquisition or remuneration for post-acquisition services provided; • The valuation and useful economic lives of the separately identifiable intangible assets. These acquisitions have a material impact on the financial statements, resulting in the goodwill, intangible assets and amounts owing in respect of deferred contingent consideration and therefore, the accounting for the acquisitions was considered to be a Key Audit Matter. The group's accounting policy for business combinations is disclosed in note 3 and the financial statements disclose further detail concerning the group's acquisitions note 33.	Our audit procedures included: • We considered and challenged management on the forecasts used in the calculation of the expected value of the deferred contingent consideration by reference to the performance of the companies prior to and post the acquisition date; • We considered the criteria for the payment of the deferred contingent consideration and management's assessment to determine that the amounts payable to selling shareholders is not contingent on continuing employment. • We agreed all material amounts used in the calculation of the cost of acquisition to supporting purchase documentation. We agreed material balances of assets acquired and liabilities recorded on acquisition to completion balance sheets and supporting management information; • We consulted our internal valuation specialists to assess the reasonableness of the inputs, assumptions and methodology used by management and their appointed external specialist in determining the fair values and useful economic lives of intangible assets acquired, contingent consideration and goodwill arising; • We reviewed the relevant disclosure in the financial statements to assess compliance with the requirements of IFRS 3.
Recoverability of trade receivables Due to the significance of the overall balance and the large volume of customers across a number of geographical locations, the recoverability of trade receivables is considered to be a key audit matter. The group has adopted IFRS 9 which requires the group to recognise expected credit losses (ECL) on trade receivables and to update the ECL recognised at each reporting date to reflect changes in the credit risk of financial assets. The group recognises lifetime ECLs for trade receivables using a provision matrix with appropriate groupings. Further detail concerning the group's ageing profile and provision for impaired trade receivables is disclosed in note 19 in the financial statements.	Audit procedures carried out by us and component auditors included: • For a sample of year end trade receivable balances, we tested the receipt of cash after the year end date. • For a sample of year end trade receivable balances, we sought direct written confirmation from the customer of the balance; • We tested the ageing profile of trade receivables at the balance sheet date and considered over-due receivables and the sufficiency of provisions for doubtful debts; • We tested the application of the expected loss rates to the ageing profile of the receivables at the reporting date to determine the total ECL at balance date taking into account historical losses and impact of current or forward-looking information that may impact the ability of customers to settle the receivables; • We discussed overdue balances with management and considered evidence of recoverability.

Key Audit Matter	How we addressed the matter in our audit
The valuation of goodwill and intangible assets within the Benfleet operating business The carrying value of the Benfleet Forwarding Limited cash generating unit's ("Benfleet CGU") goodwill and intangible assets assessed for impairment at 31 December 2018 was £3m. This balance is arrived after recognising an impairment charge of £1.85m against the Benfleet CGU's goodwill. Management is required to test goodwill for impairment on an annual basis. The amount subjected to testing is the value of the cash generating unit of which goodwill is a part, and therefore the goodwill, intangibles and any other assets are tested as a unit. Management prepared value in use calculation determined by a discounted cash flow methodology, which involves significant judgment. The value in use calculation is particularly sensitive to the following inputs to the model: • the forecasted cash flows within the outlook period; • the anticipated growth rate beyond outlook period; and • the discount rate applied to those cash flows. During the year, the performance of Benfleet CGU has deteriorated, as described in note 13. Consequently, management recognised an impairment against the CGU's goodwill. Further detail on this impairment is provided in note 13.	Our audit procedures included: • We considered and challenged management's cash flow forecasts over the outlook period by inspecting supporting evidence for revenue growth and profit assumptions. We also looked at the accuracy of management's previous forecasts and assessed these against the assumptions within the model, and the sensitivities applied by management within the impairment calculations. • We engaged with our internal valuation specialists to review the mechanical accuracy of the impairment model, reasonableness of the discount rates applied as well as the significant judgements and estimates used in the value in use calculations. • We assessed the adequacy of the disclosure in respect of the impairment recognised and the work performed by management including sensitivity analysis presented in note 13 to the financial statements.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Level of materiality applied and rationale

We consider Adjusted Profit Before Tax to be the most appropriate performance measure for the basis of materiality in respect of the audit of the group as this measure reflects the group's profitability excluding the impact of certain non-recurring and business acquisition- related items. Adjusted Profit Before Tax is calculated for this purpose as Net Income for the Year Before Taxes adjusted for listing costs, costs associated with subsidiary acquisitions and non-cash interest charges arising on deferred consideration on acquisition of subsidiaries. Using this benchmark, we set materiality at £530,000 (2017: £350,000) being 9% of Adjusted Profit Before Tax (2017: 10% of Adjusted Profit Before Tax).

Materiality in respect of the audit of the parent company was set at £200,000 (2017: £225,000) based on the net assets of the company.

Performance materiality was set at 75% (2017: 75%) of materiality. In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.

Component materiality

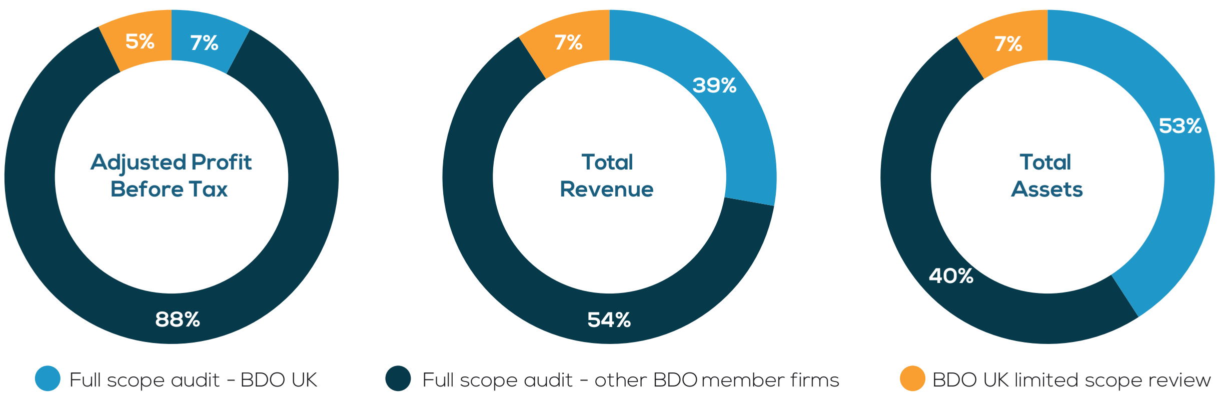
Where financial information from components was audited separately, component materiality levels were set for this purpose at lower levels up to a maximum of 65% of group materiality. In the audit of each component, we further applied a performance materiality level of 75% of the component materiality level to our testing to ensure that the aggregation risk of errors exceeding component materiality was appropriately mitigated.

Agreement with the Audit Committee

We agreed with the Audit Committee that we would report on all differences individually in excess of £18,550 (2017: £12,500). We also agreed to report to the Audit Committee on other matters identified when assessing the overall consistency and presentation of the consolidated financial statements.

An overview of the scope of our audit

The group's operations are carried out largely by ten component entities in the UK and continental Europe. Full scope audits were performed by the group audit team on the Parent Company and other significant UK based components. Audit work on overseas components Delamode Bulgaria EOOD, Delamode Baltics UAB, and Delamode Romania Srl, Affinity Transport Solutions, Srl and Pallet Express Srl, was carried out by other BDO network member firms as component auditors. Financial information from other components not considered to be individually significant individually was subject to limited review procedures carried out by the group audit team. Our strategy is summarised as follows:



In relation to the component auditor's work on the above-mentioned overseas components, we determined the level of involvement required by us to determine whether sufficient appropriate audit evidence had been obtained. We discussed the planned procedures and significant risk areas ahead of the audit, examined the conduct, results and findings of their audits and participated in their closing discussions with component management.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 40, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sophia Michael (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London

26 April 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Gross Billing	8	312,497	232,070
CONTINUING OPERATIONS			
Revenue	4	179,174	116,297
Cost of sales		(137,490)	(88,186)
GROSS PROFIT		41,684	28,111
Other operating income	5	935	658
Impairment Losses on receivables	6	(1,053)	(599)
Administrative expenses	6	(35,390)	(25,081)
Exceptional items included in Administrative expenses above	30	(318)	(912)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		6,494	4,001
OPERATING PROFIT	6	6,176	3,089
Share of Loss of Equity Accounted Associate	17	(78)	–
Finance costs	9	(582)	(665)
Finance income	9	100	12
PROFIT BEFORE INCOME TAX		5,616	2,436
Income tax	10	(885)	(651)
PROFIT FOR THE YEAR		**4,731**	**1,785**
Profit attributable to:			
Owners of the parent		4,421	1,540
Non-controlling interests		310	245
		4,731	**1,785**
Earnings per share attributable to the ordinary equity holders of the parent:			
Basic earnings pence per share	11	3.53	1.64
Diluted earnings pence per share	11	3.43	1.63
Adjusted basic earnings pence per share	11	4.80	3.27
Adjusted diluted basic earnings pence per share	11	4.66	3.26

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £'000	2017 £'000
PROFIT FOR THE YEAR	4,731	1,785
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	199	112
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,930**	**1,897**
Total comprehensive income attributable to:		
Owners of the parent	4,612	1,634
Non-controlling interests	318	263
	4,930	**1,897**

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
ASSETS			
NON-CURRENT ASSET			
Intangible assets	13	24,908	15,168
Property, plant and equipment	14	2,355	1,600
Investments – Unlisted	17	1	1
Investments in Equity Associated Investments	17	60	–
Trade and other receivables	19	1,194	149
Deferred tax	10	225	196
		28,743	**17,114**
CURRENT ASSETS			
Inventories	18	58	50
Trade and other receivables	19	60,310	51,806
Cash and cash equivalents	20	9,647	7,385
		70,015	59,241
TOTAL ASSETS		**98,758**	**76,355**

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

AS AT 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	25	6,736	5,922
Share Premium	26	11,868	5,792
Equity Reserve	26	38	69
Translation Reserve	26	737	546
Merger Reserve	26	2,323	(1,509)
Retained earnings	26	6,773	3,535
Issued share capital and reserves attributable to the owners of the parent		28,475	14,355
Non-controlling interests		586	413
TOTAL EQUITY		**29,061**	**14,768**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred Consideration	21	2,089	1,666
Provisions	23	1,523	–
Interest bearing loans and borrowings	22	2,648	3,309
Deferred Tax liability	10	2,204	1,209
		8,464	**6,184**
CURRENT LIABILITIES			
Overdrafts	20	–	45
Trade and other payables	21	56,072	50,973
Deferred Consideration	21	1,409	1,840
Interest bearing loans and borrowings	22	3,752	2,545
		61,233	**55,403**
TOTAL LIABILITIES		**69,697**	**61,587**
TOTAL EQUITY AND LIABILITIES		**98,758**	**76,355**

The financial statements were approved by the Board of Directors on 26 April 2019 and were signed by:

Stephen Blyth

CEO

26 April 2019

Stuart Howard

CFO

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share Capital £'000	Share Premium £'000	Equity Reserve £'000	Translation Reserve £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000	NCI £'000	Total Equity £'000
Carried Forward 31 December 2017		**5,922**	**5,792**	**69**	**546**	**(1,509)**	**3,535**	**14,355**	**413**	**14,768**
Contributions by and distribution to owners										
Dividends Paid	12	–	–	–	–	–	**(1,323)**	(1,323)	(145)	**(1,468)**
Share Based Consideration on Acquisition	25	**278**	–	–	–	**3,832**	–	4,110	–	**4,110**
Share Option Charge	27	–	–	**109**	–	–	–	109	–	**109**
Share Options Exercised	27	**36**	–	**(140)**	–	–	**140**	36	–	**36**
Issue of Share Capital	25	**500**	**6,076**	–	–	–	–	6,576	–	**6,576**
Total Contribution by and distribution to owners		**6,736**	**11,868**	**38**	**546**	**2,323**	**2,352**	**23,863**	**268**	**24,131**
Profit for the year		–	–	–	–	–	**4,421**	4,421	310	**4,731**
Exchange differences on translation of foreign operations		–	–	–	**191**	–	–	191	8	**199**
Total Comprehensive Income for the year		–	–	–	**191**	–	**4,421**	**4,612**	**318**	**4,930**
Balance at 31 December 2018		**6,736**	**11,868**	**38**	**737**	**2,323**	**6,773**	**28,475**	**586**	**29,061**

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share Capital £'000	Share Premium £'000	Equity Reserve £'000	Translation Reserve £'000	Merger Reserve £'000	Retained Earnings £'000	Total £'000	NCI £'000	Total Equity £'000
Carried Forward at 31 December 2016		**4,050**	**–**	**–**	**452**	**(3,750)**	**2,466**	**3,218**	**345**	**3,563**
Contributions by and distributions to owners										
Acquisition of non controlling interests	16	–	–	–	–	–	(121)	**(121)**	(88)	**(209)**
Dividends paid	12	–	–	–	–	–	(350)	**(350)**	(107)	**(457)**
Share based consideration on acquisitions	25	480	–	–	–	2,241	–	**2,721**	–	**2,721**
Share Options not yet exercised	27	–	–	69	–	–	–	**69**	–	**69**
Issue of Share Capital	25	1,392	5,792	–	–	–	–	**7,184**	–	**7,184**
Total contributions by and distributions to owners		**5,922**	**5,792**	**69**	**452**	**(1,509)**	**1,995**	**12,721**	**150**	**12,871**
Comprehensive income for the year										
Profit for the year		–	–	–	–	–	1,540	**1,540**	245	**1,785**
Exchange differences on translation of foreign operations		–	–	–	94	–	–	**94**	18	**112**
Total comprehensive income for the year		**–**	**–**	**–**	**94**	**–**	**1,540**	**1,634**	**263**	**1,897**
Balance as at 31 December 2017		**5,922**	**5,792**	**69**	**546**	**(1,509)**	**3,535**	**14,355**	**413**	**14,768**

The notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Continuing Operations			
Cash flows from operating activities			
Cash generated from operations	1	5,135	2,785
Interest paid		(305)	(370)
Tax paid		(1,097)	(762)
Net cash from operating activities		3,733	1,653
Cash flows from investing activities			
Purchase of tangible fixed assets	14	(554)	(771)
Acquisition of Subsidiaries, net of cash acquired	13	(6,069)	(5,835)
Purchase of intangible fixed assets	13	(171)	(47)
Sale of tangible fixed assets and investment property	14	–	72
Cash paid on Deferred Consideration of Acquisition		(315)	–
Sale of investments	17	83	30
Interest received	9	29	12
Net cash outflow from investing activities		(6,997)	(6,539)
Cash flows from financing activities			
New loans in year	22	908	1,198
Loan repayments in year	22	(362)	(696)
Share issue (net of share issue costs)	25	6,613	7,184
Transactions with non-controlling interests	16	(310)	(209)
Dividends paid	12	(1,323)	(350)
Non-Controlling interest dividends paid	16	(145)	(107)
Net cash inflow from financing activities		5,381	7,020
Increase in cash and cash equivalents		2,117	2,134
Cash and cash equivalents at beginning of year	2	7,340	5,351
Effect of foreign exchange rate movements		190	(145)
Cash and cash equivalents at end of year	**2**	**9,647**	**7,340**

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

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

	2018 £'000	2017 £'000
Profit before income tax before ordinary activities before results of associate	5,694	2,436
Loss of Equity Accounted Associate	(78)	–
Depreciation charges	712	368
Amortisation charges	1,105	437
Loss on disposal of fixed assets	13	8
Profit on disposal of Investments	–	(15)
Finance costs	582	665
Finance income	(100)	(12)
Share Based Payments Charge	109	69
Impairment of intangible assets	1,845	–
Deferred consideration write back and vendor income	(2,592)	–
	7,290	**3,956**
(Increase) in inventories	(8)	(6)
(Increase) in trade and other receivables	(6,957)	(17,208)
Increase in trade and other payables	3,287	16,043
Increase in Provisions	1,523	–
Cash generated from operations	**5,135**	**2,785**

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:

	2018 £'000	2017 £'000
Cash and cash equivalents		
Bank accounts	9,647	7,385
Bank Overdrafts	–	(45)
	9,647	**7,340**

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU issued by the International Accounting Standards Board, under the historical cost convention. Accounting policies have been consistently applied from 2017 except for the introduction of the new standards IFRS 9 and 15.

The presentation currency used for the preparation of the financial statements is Sterling, which is the currency of choice of the principal investors of the Group.

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Group's accounting policies (see Note 3.3 – Critical accounting estimates and judgements).

The amounts are rounded to the nearest thousand, unless otherwise stated.

Description of the Business

Xpediator PLC is a public limited Company, incorporated in England and Wales, United Kingdom. The registered office is 700 Avenue West, Skyline 120 Great Notley, Braintree, Essex, CM77 7AA and the Company registration number is 10397171.

Going Concern

The directors have concluded that it is appropriate that the financial statements have been prepared on a going concern basis because at 31 December 2018, the Group had cash or cash equivalent totalling £9,647,000. The Group also has funding facilities in place which it does not envisage will be withdrawn thus there are sufficient funds available to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements. The directors believe that based on the current budgets and forecast cash flows, there is sufficient resources to meet its liabilities as they fall due.

The financial statements have therefore been prepared on a going concern basis.

Basis of Consolidation

The Group financial statements consolidate the financial statements of Xpediator PLC and its subsidiaries drawn up to 31 December each year. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The Company has control over a subsidiary if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. Intra-Group balances and transactions, including unrealised profits arising from intra-Group transactions, have been eliminated. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Xpediator PLC.

Subsequent to the merger accounting noted below the consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

3. ACCOUNTING POLICIES (CONTINUED)

Merger accounting

On 25 May 2017 Xpediator Plc entered into a share swap agreement with the ultimate beneficiaries of Delamode Group Holdings Limited, whereby 4,000,000 new ordinary shares of £1.00 each were issued to the ultimate beneficiaries of Delamode Group Holdings Limited in exchange for their shares in Delamode Group Holdings Limited in the same proportion as their shareholding in Delamode Group Holdings Limited. The Merger method of accounting is used to consolidate the results of Xpediator plc.

On 8 June 2018, the Company issued 1,727,694 new ordinary shares of £0.05 each as part of the deferred consideration of Easy Managed Transport. The premium on the fair value in excess of the nominal value of shares issued in consideration of business combinations is credited to the merger reserve.

On 13 July 2018, the Company issued 3,740,648 new ordinary shares of £0.05 each as part of the acquisition of Import Services Limited. The premium on the fair value in excess of the nominal value of shares issued in consideration of business combinations is credited to the merger reserve.

On 31 December 2018, the Company issued 84,951 new ordinary shares of £0.05 each as part of the deferred consideration of Regional Express Limited. The premium on the fair value in excess of the nominal value of shares issued in consideration of business combinations is credited to the merger reserve.

Revenue

The Group generates revenue in the UK and Europe.

The Group operates a number of diverse businesses and accordingly applies a variety of methods for revenue recognition, based on the principles set out in IFRS 15. The revenue and profits recognised in any reporting period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. In determining the amount of revenue and profits to record, and associated balance sheet items (such as trade receivables, accrued income and deferred income), management is required to review performance obligations within individual contracts. This may involve some judgemental areas (for example within the Logistics & Warehousing Business), where revenue is recorded in advance of invoicing the customer.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer. For all contracts, the Group determines if the arrangement with a customer creates enforceable rights and obligations, which is in line with our contractual commitments and industry standard best practice (for example Convention Relative au Contrat de Transport International de Marchansies par la Route or CMR).

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group has assessed the period of time principles as follows :

- Customers receive the benefits of the good being moved from the origin to the destination, as another supplier would not need to re-perform the service performed to date (ie the goods have been moved partway).
- The customer becomes committed to pay the Group the moment that the goods are despatched and collected.
- The customer accepts that they are liable to pay for the transaction in full although it is the Group's responsibility to ensure that the shipment is in transit before invoicing.
- The customer can usually be invoiced on despatch/export and has an obligation to pay for services despite any problems that may arise in transit.
- The Group would hold any third party liable for any issues that happen in transit that is beyond its reasonable control.

The Group recognises that it acts as both an agent and a principal. The Group is a principal if it responsible for the specified good or service before that good or service is transferred to a customer. The Group is an agent if it is not responsible for arranging for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party. The Affinity business (see Affinity section of revenue recognition policy) primarily operates as an agent, and largely recognises only the commission earned as revenue. In addition, the Group has reviewed its policy over Import VAT and Duty (see section 3.1.1) and concluded that they are an agent for VAT & Duty, and this is no longer recorded as revenue. This has resulted in a decrease in revenue in the year of £7,355,000, when compared to prior years accounting treatment (see note 3.1.1).

3. ACCOUNTING POLICIES (CONTINUED)

Freight forwarding

Under IFRS 15, freight forwarding revenue is recognised over the period of time based on the principles identified above. Therefore, revenue will consist of freight delivered during the period as well as a proportion of revenue for service delivered that are in process as at the end of the reporting period, which is calculated on a time proportioned basis. The impact of adopting IFRS15 is disclosed in note 3.1.1. (No adjustments have been made to the prior year comparatives and any difference in opening reserves are deemed to be immaterial).

Logistics & Warehousing

Logistics & Warehousing revenue is accounted for over a period of time. Invoicing varies by contract but is typically in line with work performed. Due to the different contractual arrangements in place, each customer is assessed to determine the amount of work carried out, which has not been invoiced at the date of the Group's reporting period. This revenue recognised is directly linked to the amount of work carried out to deliver that service and measured relative to cost. As a result, judgement is required when determining the appropriate timing and amount of revenue that can be recognised.

Affinity

Revenue is recognised at a point in time only after the performance obligation has been actually been delivered. Affinity and trucking services revenue largely acts as an agent based on the assessment above, so only commission is recorded as revenue. This largely relates to provision of DKV fuel cards, which enables the customer to purchase fuel, tolls and other services.

In addition, the Affinity business operates as a reseller ferry crossings, where revenue is recorded at a point in time as its based on the performance obligation being delivered. Revenue for this part of the business is recorded as a principal due to the assessments previously identified.

Gross Billings (Affinity)

Recoverable disbursements incurred on behalf of our Affinity Division customers based in Romania and the West Balkans include fuel costs, toll charges and breakdown assistance. The gross billings figure is included within the Groups trade payables and receivables but are excluded from Consolidated Income Statement revenue. The Gross Billing Revenue number is a non-statutory measure but is included to make a more meaningful calculation of Days Sales Outstanding and Days Payable Outstanding, so it is important to understand the level of billings going through the sales and purchase ledgers.

Franchise Income

Income relating to franchise fees are not recorded as revenues by the Group but are shown as other income. This revenue arises from the sales of services to the franchisees. This income is recognised at a point in time based on when the services have been transferred to the franchisee in accordance with the terms and conditions of the relevant agreements.

Franchise fees comprise of revenue for the initial allocation of the franchise to the respective member, IT support, marketing and the use of the intellectual property.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3: Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

If the cost of the acquisition is less than the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, the difference is recognised directly in the statement of comprehensive income.

3. ACCOUNTING POLICIES (CONTINUED)

Associates

Management has applied judgement in determining that International Cargo Centre Limited (ICC) is an associate of the Group. The Group has significant influence by virtue of holding a 40% equity interest which presumes significant influence per IAS 28, together with having one of three directors on the board, while taking into account that the remaining 60% interest is held by one other party.

Non-controlling interests

The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interests in proportion to their relative ownership interests.

Goodwill

Goodwill arising on the acquisition of a business represents any excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. The identifiable assets and liabilities acquired are incorporated into the consolidated financial statements at their fair value to the Group.

Goodwill is not amortised but tested for impairment annually. Any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income and is not subsequently reversed. On disposal of a business, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill with indefinite useful economic lives are undertaken annually in November as part of the Group's budgeting process, except in the year of acquisition when they are tested at the year-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest Group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill. Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Foreign currencies

The financial statements of the Group are presented in its reporting currency of Sterling. The functional currency of each Group entity is the currency of the primary economic environment in which the entity operates.

Transactions in foreign currencies during the period have been converted at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated at the rates of exchange ruling on the balance sheet date. Any gains or losses arising from these conversions are credited or charged to the Consolidated Income Statement.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

Financial assets

The Group classifies its financial assets into the categories discussed below, depending on the purpose for which the asset was acquired. The Group only has financial assets classified as held at amortised cost.

3. ACCOUNTING POLICIES (CONTINUED)

Amortised Costs

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a historical provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administration costs in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those for which credit risk has increased significantly, lifetime expected credit losses are recognised, unless further information becomes available contrary to the increased credit risk. For those that are determined to be permanently credit impaired, lifetime expected credit losses are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held with banks, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position, unless there is a right of set-off between bank accounts across the Group. In this instance, the net cash position will be shown.

The Group has recognised £1,969,000 (2017 - £nil) of income relating from the Vendors of Benfleet Forwarding Limited. This has been assessed for credit losses and classified as financial assets held at amortised cost in line with the Group's applicable accounting policies.

Capital management

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, invoice discounting and long term loan finance.

Financial liabilities

The Group classifies its financial liabilities into two categories:

Other financial liabilities

The Group's other financial liabilities include bank loans, confidential invoice discounting facility, trade and other payables and accruals. Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

3. ACCOUNTING POLICIES (CONTINUED)

Fair value through profit and loss

This category only comprises of the element of deferred consideration on business combinations, which is contingent on the performance of the acquired businesses. The expected consideration payable is assessed at each balance sheet date with the movement in the expected liability being recorded in the income statement.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated income statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Externally acquired intangible assets

Externally acquired intangible assets, other than Goodwill, are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgements below).

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Valuation method
Licences and trademarks	3-25 years	Multiple of historic profits
Customer Related	6-10 Years	Excess Earning Model
Technology Based	5 Years	Replacement Cost

Taxation

The charge for current tax is based on the taxable income for the period. The taxable result for the period differs from the result as reported in the statement of comprehensive income because it excludes items which are not assessable or disallowed and it further excludes items that are taxable and deductible in other years. It is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefits is probable. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

3. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	2%-10% per annum straight line
Fixtures and fittings	20-33% per annum straight line/10% - 25% on reducing balance
Computer equipment	33% per annum straight line/20% - 50% on reducing balance
Motor vehicles	25-33% per annum straight line/20% - 25% on reducing balance

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Investments

Unlisted investments are stated at cost less impairment losses.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

Holiday Pay Accrual

All employees accrue holiday pay during the calendar year, the board encourages all employees to use their full entitlement throughout the year, however in the unlikely case that an employee has untaken holiday pay this is accrued for at the daily salary costs, including costs of employment, such as social security.

Staff Pensions

The Group does not operate a pension scheme for its employees however it does make payments to defined contribution pension schemes on behalf of employees in the UK in accordance with auto enrolment legislation. The payments made are recognised as an expense in the period to which they relate.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Provisions

The Group has recognised provisions for liabilities of the uncertain timing or amount for leasehold dilapidations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. The provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

3. ACCOUNTING POLICIES (CONTINUED)

3.1 New and amended accounting standards effective during the year

The Group has applied the following standards and amendments for the first time during the annual reporting period commencing 1 January 2018:

IFRS 9 : Financial Instruments

IFRS 15 : Revenue on Contracts with Customers

The Group has had to change its accounting policies following the adoption of IFRS 9 and IFRS 15. The Group has not made any retrospective adjustments for this accounting policies as any difference is considered to be immaterial to the results.

3.1.1 IFRS 15 'Revenue from Contracts with Customers'

Background

In May 2014, IFRS 15 'Revenue from Contracts with Customers' was issued. It was subsequently amended in September 2015 and April 2016. It is effective for periods beginning on or after 1 January 2018.

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations.

Assessment of Revenue

The Group has assessed the principles of the revenue recognition, ie at point in time or over a period of time as follows:-

- The customer has ownership of the goods the moment they purchase them from the manufacturer, although the Group would have responsibility to see the delivery to completion.
- The customer becomes committed to pay the Group the moment that the goods are despatched and collected.
- The customer accepts that they are liable to pay for the transaction in full although it is the Group's responsibility to ensure that the shipment is in transit before invoicing.
- The customer can usually be invoiced on despatch/export and has an obligation to pay for services despite any problems that may arise in transit.
- The Group would hold any third party liable for any issues that happen in transit that is beyond its reasonable control.
- For the Affinity business, this primarily acts as an agent, so only the commission would be recorded as revenue.

The major business streams of the Group are as follows :

Freight Forwarding: Revenue from the provision of Freight Forwarding services is recognised over time upon the performance obligation being satisfied. Please see the accounting policy section for more details.

Logistic & Warehousing : revenue from logistic and warehousing services is recognised over time. Please see the accounting policy section for more details.

Transport solutions: revenue from transport solutions is related to Affinity, Ferry and trucking services which are recognised at a point in time. Please see the accounting policy section for more details.

Key changes in accounting policies resulting from application of IFRS 15

IFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract;
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

3. ACCOUNTING POLICIES (CONTINUED)

IFRS 15 'Revenue from Contracts with Customers' (continued)

The Group has determined this 5 step approach by assessing individual contractual terms with the respective customer, which details the performance obligations and the agreed price between parties. This will determine whether revenue is recognised at a point in time or over a period of time. The Group has identified in the section above, how each business unit recognises its revenue.

Under IFRS 15, the Group recognises revenue when, (or as), a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation, is transferred to the customer. A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

As a result of the change in standard, the Group now recognises revenue for Freight Forwarding over a period of time, rather than at a point in time. In addition, Import VAT & Duty is now recognised as an agent rather than a principal (see section below on Principal versus Agent).

Impacts and Changes of accounting policies of application on IFRS 15 "Revenue from contracts with customers"

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue of the Group is recognised over time by method which reflect the progress towards complete satisfaction of a performance obligation.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional, which are in line with industry accepted contractual terms and conditions (for example CMR). It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

As a result of these changes, the Group now recognises Revenue for Freight Forwarding and Logistics and Warehousing over a period of time, whereas in the prior year, Revenue was recognised at a point of time. This has resulted in an increase to revenue of £182,000 compared to the prior year.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it responsible for the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is responsible for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Group operates as both a principal and an agent. For the Freight Forwarding and the Logistics & warehousing business units, the Group has identified that they are primarily the principal as it primarily controls the specified goods or services before this is transferred to the customer, as the economic risk lies with the Group.

3. ACCOUNTING POLICIES (CONTINUED)

IFRS 15 'Revenue from Contracts with Customers' (continued)

For the Affinity business unit, the Group has identified that they are primarily an agent, and in doing so, the Group recognises only the commission element within the financial statements.

Certain Import VAT & Duty was previously recorded as revenue, as in the prior year, there was risk and reward of not being paid for this service. However, the Group has reassessed the procedures and concluded that they act as an agent so no longer record this as revenue. The prior year comparatives have not been restated as the profit impact is considered immaterial.

Summary of effects arising from initial application of IFRS 15.

The table below shows the following impact of adopting IFRS 15 on the Group's position. The 2017 comparatives have been provided for guidance, but these have not been adjusted through the Prior Year Comparatives.

	2018 £'000	2017 £'000
Import VAT & Duty	7,355	2,460
Other IFRS 15 Adjustment	(182)	(271)
Total Impact	**7,173**	**2,189**

As a result of the implementation of IFRS 15, this has reduced revenue by £7,173,000 (2017 - £2,189,000) for the Group.

As Import VAT & Duty attracts no margin, the impact on the prior year comparatives is immaterial and have therefore not been restated.

The other IFRS 15 adjustment, relates to a change in principle between what the Group has assessed as revenue over a point in time versus at a period in time, following application of IFRS 15. As a result, there is an additional £182,000 (2017- £271,000) of revenue that has been accounted for in 2018. The margin impact for 2017 is deemed to be not material, so the prior year comparatives have not been adjusted.

The Group considered that the current segmental split of revenue to be appropriately disaggregated in line with IFRS 15. Refer to notes 4 and 8 of the Group financial statements for further details.

3.1.2 IFRS 9: Financial Instruments

Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not be derecognised as at 1 January 2018, (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are deemed immaterial to the Group.

Key changes in accounting policies resulting from application of IFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15. All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. ACCOUNTING POLICIES (CONTINUED)

IFRS 9: Financial Instruments (continued)

Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 including trade receivables, contract assets, other receivables, loan receivable, amounts due from an intermediate holding company, immediate holding company, associates and fellow subsidiaries, pledged bank deposits and bank balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

Please refer to the accounting policies note Financial Assets/Amortised Costs for the new policy on credit risk.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Generally, the ECL is estimated as the difference between all contractual cashflows that are due to the Group in accordance with the contract and all the cashflows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset. The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. As at 1 January 2018, Management of the Group reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. Any changes as a result of IFRS 9 are immaterial to the Group's results.

Impacts and changes in accounting policies of application on IFRS 9 Financial Instruments and the related amendments

Summary of effects arising from initial application of IFRS 9

(a) Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics. Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, loan receivable, amounts due from related parties, pledged bank deposits and bank balances, are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition. The Group has reviewed it's provisions in line with IFRS 9, and any difference is deemed immaterial to prior provisioning policies. In addition, the Group has reviewed the opening position as at 1 January 2018 and deemed the application of IFRS 9 to be immaterial.

(b) Solely Payment of Principal and Interest

The Group has reviewed all it's over financial assets and confirm that this meet the criteria of the Solely Payments of Principal and Interest (SPPI) test under IFRS 9.

3. ACCOUNTING POLICIES (CONTINUED)

3.2 CHANGES IN ACCOUNTING POLICIES

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Group's future financial statements:

3.2.1 IFRS 16

IFRS 16 'Leases' has an effective date for annual periods beginning on or after 1 January 2019. IFRS 16 results in lessees accounting for most leases within the scope of the Standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 'Leases'. Lessees will recognise a right of use asset and a corresponding financial liability on the balance sheet. The asset will be amortised over the length of the lease, and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as under IAS 17. The Group will apply the Standard from its mandatory adoption date and will not restate comparative amounts for the first year prior to adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The Group will take exemptions in the standard for any low value or short term assets (12 months or less).

The Group has set up a project team which has reviewed the Group's leasing arrangements over the last year in the light of the new lease accounting rules under IFRS 16. The standard will affect primarily the accounting for the Group's Operating Leases.

As at the reporting date, the Group has non-cancellable Operating Leases of £33.6m Of these commitments, approximately £0.3m relate to short-term leases and low value leases which will be recognised on a straight-line basis as expense in the profit or loss.

For the remaining lease commitments, the Group expects to recognise right-of-use assets of approx. £32.6m and other lease liabilities of £0.7m. Liabilities will also increase by a similar amount.

The Group expects net profit after tax will decrease by approximately £0.4m for 2019 as a result of implementing the new rules. Adjusted Earnings Before tax will also decrease by the same amount.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

Details of our existing operating lease commitments are set out in note 28.

3.2.2 Other Standards

There are no other standards other than IFRS 16 that are expected to have a material impact on the Group's accounts.

3.3 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

3.3.1 Principal estimates

- Fair value measurement of intangible assets acquired in business combination;

  A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. As there are no easily identifiable valuation methods for intangible assets such as customer relationships and technology assets, estimation is required in assessing the fair value when accounting for a business combination. The Group has recognised Goodwill and associated intangibles before amortisation of £25,743,000 (2017 - £13,240,000). This is disclosed in note 13.

- Estimated impairment of goodwill

  The Group frequently tests whether goodwill has suffered any impairment. These calculations require the use of estimates, both in arriving at the expected future profitability of the entity and the application of a suitable discount rate in order to calculate the present value of these flows. As the impairment of goodwill is based on a future forecast, the Group has used a level of judgement around key assumptions of future cashflows greater than 12 months. An impairment charge of £1,845,000 arose on the Benfleet Forwarding Limited CGU during the course of 2018 year, resulting in the CGU being written down to it recoverable amount. Details of the impairment and Sensitivity of cashflows are disclosed in note 13.

3. ACCOUNTING POLICIES (CONTINUED)

3.3.1 Principal estimates (continued)

- Trade receivables

  In accordance with IFRS 9, the Group assesses whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument both due within one year and more than one year as at the reporting date with the risk of a default occurring on the trade receivable as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. The Group has trade receivables less provision for credit losses at the year-end of £50,659,000 (2017 - £45,035,000).

- Deferred Tax

  Deferred tax assets have been recognised in relation to trading losses generated in the entities, these have been restricted to those instances where it is probable that taxable profit will be available against which the difference. The Group has recognised a deferred tax asset of £225,000 (2017 - £196,000) and a deferred tax liability of £2,204,000 (2017 - £1,209,000).

- Deferred Contingent Consideration

  The Group believes that any deferred consideration payable to sellers who continue to be employed is not part of their remuneration package and forms part of the cost of investment. Amounts payable are irrespective of continued employment with the acquired Company or elsewhere within the Group. The classification is further determined based on a number of factors including the breakdown of the acquisition consideration and the level of remuneration payable to selling shareholder. The Group has deferred consideration of £3,498,000 (2017 - £3,506,000), part of which is due both within or more than one year.

4. REVENUE ANALYSIS BY COUNTRY

	2018 £'000	2017 £'000
United Kingdom	70,210	32,147
Lithuania	47,759	36,167
Romania	31,397	25,739
Bulgaria	17,553	13,538
Serbia	6,813	4,971
Other	5,442	3,735
Total Income	**179,174**	**116,297**

The table below shows revenue by timing of transfer of goods and services :

4A) REVENUE FROM CONTRACTS WITH CUSTOMERS

	2018 £'000	2017 £'000
Over a period of time	172,824	111,715
At a point in time	6,350	4,582
Total Income	**179,174**	**116,297**

4B) Contract Assets

	2018 £'000	2017 £'000
At 1 January	1,273	667
Cumulative Catch-up	182	271
Excess of revenue recognised during the period	613	335
At 31 December	**2,068**	**1,273**

Contract assets are included within trade and other receivables on the face of the Statement of Financial Position.

By the nature of the Group's invoicing procedures, then the Group does not have any contract liabilities.

4. REVENUE ANALYSIS BY COUNTRY (CONTINUED)

4C) Non Current Assets by Country

	2018 £'000	2017 £'000
United Kingdom	23,448	12,948
Romania	3,462	3,531
Lithuania	68	91
Serbia	111	97
Bulgaria	88	54
Malta	51	5
Other	35	43
Total Non Current Assets	**27,263**	**16,769**

5. OTHER OPERATING INCOME

Other operating income arises mainly from sundry services executed by the Group, not being freight forwarding, warehousing or affinity services. Since this is not considered to be part of the main revenue generating activities, the Group presents this income separately from revenue.

	2018 £'000	2017 £'000
Recharges to Franchise members	658	437
Recovery of fines/penalties	51	138
Rental income	225	74
Other	1	9
Total	**935**	**658**

6. OPERATING PROFIT

	2018 £'000	2017 £'000
Operating profit is stated after charging/(crediting)		
Hire of plant and machinery	731	251
Rental payable under operating lease	5,877	2,255
Depreciation - owned assets	606	351
Depreciation - assets on hire purchase contracts	106	17
Amortisation of Intangible Assets[1]	1,105	437
Impairment of Goodwill – Benfleet	1,845	–
Deferred Consideration write back and vendor income	(2,592)	–
Auditors' remuneration – audit	361	256
Auditors' remuneration - non audit	64	34
Loss on disposal of property, plant and equipment	13	8
Insurance	699	363
Property/Municipal Taxes	1,090	438
Legal Costs	247	308
Exceptional Items	318	912
Bad Debt Costs	1,053	599
Foreign exchange losses	15	107
Staff expenses	18,563	13,358
Other administration expenses	6,342	5,986
Total	**36,443**	**25,680**

1 Amortisation charges on the Group's intangible assets are recognised in the administrative expenses line item in the Consolidated Income Statement.

6. OPERATING PROFIT (CONTINUED)

An analysis of audit and non audit remuneration is shown below

	2018 £'000	2017 £'000
Audit and Audit Related Services		
The audit of the Company and Group Financial Statements	126	106
The audit of the financial statements of Subsidiaries of the Group	187	121
Other Assurance Services	48	29
Total audit and audit related services	**361**	**256**

	2018 £'000	2017 £'000
Non-audit services		
Other Assurance Services	19	14
Services related to corporate finance transactions	34	20
Taxation Advice	11	-
Total non-audit related services	**64**	**34**

The amounts included in the above table relate to fees payable to BDO LLP and its associates.

7. EMPLOYEE BENEFIT EXPENSES

	2018 £'000	2017 £'000
Employee benefit expenses (including directors) comprise:		
Wages and salaries	15,930	11,075
Short-term non-monetary benefits	126	117
Share Based Payments	108	69
Defined contribution pension cost	173	158
Social security contributions and similar taxes	2,226	1,939
	18,563	**13,358**

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company.

	2018 £'000	2017 £'000
Salary	1,046	782
Short-term non-monetary benefits	25	16
Share Based Payments	109	69
Defined contribution pension cost	8	1
	1,188	**868**

Directors remuneration

	2018 £'000	2017 £'000
Salary	642	367
Other remuneration	18	12
Share Based Payments	26	10

7. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

Total	**686**	**389**

Other remuneration comprises of private family medical cover, and insurance benefits.

Total remuneration regarding the highest paid Director is as follows:

	2018 £'000	2017 £'000
Total aggregate remuneration	**331**	**191**

The average number of employees (including directors) during the year was as follows:

	2018	2017
Freight Forwarding	403	313
Logistics	354	304
Other	145	70
Total	**902**	**687**

8. SEGMENTAL ANALYSIS

Types of services from which each reportable segment derives its revenues

In 2018 the Group had three main divisions: Transport Services, referred to as Affinity, Freight Forwarding, and Logistics & Warehousing. All revenue is derived from the provision of services.

- Freight Forwarding – This division is the core business and relates to the movement of freight goods across Europe. This division accounts for the largest proportion of the Group's business, generating 76% of its external revenues. (2017:80%)
- Affinity – This division is the Transport Service's arm of the Group. It focuses on the reselling of DKV fuel cards, leasing, ferry crossings and other associated transport related services. This division accounts for 4% of the Group's business in terms of revenue (2017:4%)
- Logistics & Warehousing – This division is involved in the warehousing and domestic distribution; it generates 20% of the Group's external revenues in 2018 (2017:16%).

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team comprising the Divisional COOs, the Chief Executive Officer and the Chief Financial Officer.

Measurement of operating segment profit or loss

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS.

Inter-segment sales are priced at market rates and at arm's length basis, along the same lines as sales to external customers. This policy was applied consistently throughout the current and prior period.

8. SEGMENTAL ANALYSIS (CONTINUED)

	Freight Forwarding 2018 £'000	Logistics & Warehousing 2018 £'000	Affinity 2018 £'000	Unallocated 2018 £'000	Total 2018 £'000
Gross Billings	**136,898**	**36,514**	**139,085**	**–**	**312,497**
Less recoverable disbursements	–	–	(132,735)	–	(132,735)
Total revenue	136,898	36,514	6,350	–	**179,762**
Inter-segmental revenue	–	(588)	–	–	**(588)**
Total revenue from external customers	**136,898**	**35,926**	**6,350**	**–**	**179,174**
Depreciation & amortisation	(714)	(1,023)	(47)	(33)	**(1,817)**
Segment Profit (excluding exceptional items)	2,971	3,011	2,291	(1,779)	**6,494**
Share of Loss of Equity Accounted Associate					**(78)**
Net Finance costs					**(482)**
Exceptional items					**(318)**
Profit before income tax					**5,616**

	Freight Forwarding 2017 £'000	Logistics & Warehousing 2017 £'000	Affinity 2017 £'000	Unallocated 2017 £'000	Total 2017 £'000
Gross Billings	**93,339**	**18,898**	**119,833**	**–**	**232,070**
Less recoverable disbursements	–	–	(115,251)	–	(115,251)
Total revenue	93,339	18,898	4,582	–	**116,819**
Inter-segmental revenue	–	(522)	–	–	**(522)**
Total revenue from external customers	**93,339**	**18,376**	**4,582**	**–**	**116,297**
Depreciation & amortisation	(235)	(530)	(38)	(2)	(805)
Segment Profit (excluding exceptional items)	**2,434**	**932**	**1,952**	**(1,317)**	**4,001**
Net Finance costs					**(653)**
Exceptional items					**(912)**
Profit before income tax					**2,436**

9. NET FINANCE COSTS

	2018 £'000	2017 £'000
Finance income:		
Deposit account interest	**29**	**12**
Release of discount on Deferred Consideration	**45**	**–**
Interest Receivable on Benfleet Vendor Income	**26**	**–**
Total Finance Income	**100**	**12**
Finance costs:		
Unwind of discount on Deferred Consideration	277	295
Bank loan interest	299	363
Finance lease interest	6	7
	582	**665**
Net finance costs	**482**	**653**

10. INCOME TAX

Analysis of tax expense

	2018 £'000	2017 £'000
Current tax:		
Tax on profits for the year	**1,124**	**825**
Adjustments in respect of prior periods	**(28)**	**(17)**
Total current tax payable	**1,096**	**808**
Deferred tax credit	**(211)**	**(157)**
Total tax expense in consolidated statement of profit or loss	**885**	**651**

The reconciling items for the difference between the actual tax charge for the year and the standard rate of corporation tax in UK (the ultimate parent company's tax residency) applied to profits for the year are as follows:

	2018 £'000	2017 £'000
Profit before tax	5,616	2,436
UK Tax Charge at 19% (2017 – 19.25%)	77	85
Overseas Tax Charge	692	200
Expenses not deductible for tax purposes	338	404
Income not taxable	–	(15)
Movement in unrecognised deferred tax	(118)	109
Deferred tax asset not previously recognised	(29)	(82)
Adjustment in respect of prior periods	(28)	(17)
Other	(47)	(33)
Total tax expense	**885**	**651**

Deferred Tax

Assets – Arising from Trading losses	2018 £'000	2017 £'000
Balance as at 1 January	196	106
Movement in the year as a result of trading	29	90
Balance as at 31 December	**225**	**196**

Liabilities	2018 £'000	2017 £'000
Balance as at 1 January	(1,209)	(332)
Recognised on the acquisition of Subsidiaries (note 33)	(1,172)	(958)
Release to P&L	182	67
Movement in Foreign Exchange	(5)	14
Balance as at 31 December	**(2,204)**	**(1,209)**

The deferred tax asset relates to losses carried forward at the rate of tax in the relevant jurisdiction.

The Group has potential deferred tax assets for trading losses totalling £932,000 (2017: £813,000) arising from certain subsidiaries across the Group. These assets have not been recognised due to insufficient certainty that the suitable profits will be generated in the foreseeable future.

The deferred tax liabilities relates to liabilities arising as part of the Group's acquisitions.

11. EARNINGS PER SHARE

	2018 '000	2017 '000
Basic Weighted average number of shares	**125,167**	**94,004**
Potentially dilutive share options	**1,650**	**324**
Deferred Consideration on Acquisitions	**1,952**	**-**
Diluted Weighted average number of shares	**128,769**	**94,328**

	£'000	£'000
Profit for the year attributable to owners of the Group	4,421	1,540
Earnings pence per share - basic	**3.53**	**1.64**
Earnings pence per share - diluted	**3.43**	**1.63**

Profit for the year attributable to owners of the Group	4,421	1,540
Exceptional items (note 30)	318	912
Amortisation of intangible assets arising from acquisitions (note 13)	1,033	330
Unwind of discount in deferred consideration (note 9)	277	295
Add back of discount on deferred consideration (note 9)	(45)	–
Profit for the year attributable to owners of the Group excluding exceptional items	**6,004**	**3,077**
Earnings pence per share – basic excluding exceptional items	**4.80**	**3.27**
Earnings pence per share – diluted excluding exceptional items	**4.66**	**3.26**

12. DIVIDENDS

	2018 £'000	2017 £'000
Final dividend of 0.84p (2017:0.64p) per Ordinary Share	750	–
Interim dividend of 0.42p (2017:0.35p) per Ordinary shares	573	350

The directors are recommending a final dividend of 0.84p per Ordinary shares (2017: 0.64p) per share totalling £1,123,000 (2017: £750,000) to be paid in July 2019 for the year. This dividend has not been accrued in the consolidated statement of Financial Position.

13. INTANGIBLE ASSETS

Group

COST	Licences £'000	Goodwill £'000	Customer Related £'000	Technology Related £'000	Total £'000
At 1 January 2018	2,675	7,551	5,689	–	15,915
Additions	171	–	–	–	171
Acquired through Business Combination	–	5,625	6,387	510	12,522
Transfer Between Categories	19	–	(19)	–	–
Disposals	(7)	–	–	–	(7)
Exchange Differences	13	–	–	–	13
At 31 December 2018	**2,871**	**13,176**	**12,057**	**510**	**28,614**
AMORTISATION					
At 1 January 2018	417	–	330	–	747
Charge for the Year	72	–	985	48	1,105
Impairment	–	1,845	–	–	1,845
Disposals	(7)	–	–	–	(7)
Exchange Differences	16	–	–	–	16
At 31 December 2018	**498**	**1,845**	**1,315**	**48**	**3,706**
NET BOOK VALUE					
At 31 December 2018	**2,373**	**11,331**	**10,742**	**462**	**24,908**
At 1 January 2018	**2,258**	**7,551**	**5,359**	**–**	**15,168**

COST	Licences £'000	Goodwill £'000	Customer Related £'000	Technology Related £'000	Total £'000
At 1 January 2017	2,453	682	–	–	3,135
Additions	30	–	17	–	47
Acquired through Business Combination	–	6,829	5,670	–	12,499
Disposals	(6)	–	–	–	(6)
Exchange Differences	198	40	2	–	240
At 31 December 2017	**2,675**	**7,551**	**5,689**	**–**	**15,915**
AMORTISATION					
At 1 January 2017	243	–	–	–	243
Charge for the year	107	–	330	–	437
Disposals	(6)	–	–	–	(6)
Exchange differences	73	–	–	–	73
At 31 December 2017	**417**	**–**	**330**	**–**	**747**
NET BOOK VALUE					
At 31 December 2017	**2,258**	**7,551**	**5,359**	**–**	**15,168**
At 1 January 2017	**2,210**	**682**	**–**	**–**	**2,892**

The goodwill included in the above note, relates to acquisition of Pallet Express Srl in January 2016, UK Buy in January 2017, Easy Managed Transport in March 2017, Benfleet Forwarding Limited in October 2017, Regional Express Limited in November 2017, Anglia Forwarding Group Limited in June 2018 and Import Services Limited in July 2018.

13. INTANGIBLE ASSETS (CONTINUED)

Annual test for impairment

The Group carries out its impairment tests annually in November as part of the budget process and all newly acquired entities are also reviewed for impairment at the balance sheet date.

Upon acquisition the goodwill and other intangibles are calculated at CGU level, these are then measured based on forecast cash flow projections, the first year of which is based on the CGU's current annual financial budget which has been approved by the board. The cash flow projections for years two to five have been derived based on growth rates that are considered to be in line with the market expectations.

The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

In determining the future free cash flow, the main drivers have been revenue and EBIT margins, with margins remaining at expected levels.

The directors have reviewed the future profit and cash flow forecasts for the next five years and applying a discount rate of between 13.2%-16.2% to the cash flow projections when determining the net present value of these cash flows, it believes there is sufficient headroom in the value of the business to not have to impair the goodwill, with the exception of Benfleet Forwarding Limited.

Key assumptions used in the impairment calculations are as follows:

Entity	Impairment WACC %	Short term Revenue Growth Rate %	Long Term Revenue Growth Rates
Pallet Express Srl	13.2	6.5 to 17.8	3.0
Easy Managed Transport	15.2	1.2 to 9.7	2.0
Benfleet Forwarding	16.2	-5.1 to 8.0	2.5
Regional Express Limited	15.2	2.0	2.0
Ukbuy / Gerviva Fair	14.2	1.0	1.0
Anglia Group Forwarding Limited	13.3	3.3 to 5.0	2.5
Import Services Limited	13.3	3.5 to 15.4	5.0

Sensitivity to changes in key assumptions

Impairment testing is dependent on managements estimates ad judgements, particularly as they relate to the forecasting of future cashflows, the discount rates selected and expected long-term growth rates.

The Group has conducted sensitivity analysis on the impairment test of each of the CGU's classified within Continuing Operations. There is significant headroom on the carrying value of each CGU except for Benfleet Forwarding Limited (Benfleet) and Easy Managed Transport Limited (EMT). Given the headroom in the other CGU's, it would require a significant change in assumptions to an impairment charge and the level of change is considered unlikely. The Benfleet CGU has a carrying value of £1,562,000 and EMT has a carrying value of £2,258,000 and based on the following assumptions, the effect of a reasonably possible change in the assumptions is disclosed in the table below:

Benfleet	Plan scenario	Change	Impact on Impairment £'000	
Long term growth	4.73%	+/- 1%	499	(414)
Post tax discount rate	16.2%	+/- 1%	518	(430)
EBIT (£000s)	3,669	-10%		(1,300)
Average EBIT Margin	2.73%	+/- 1%	1,852	(1,852)

EMT	Plan scenario	Change	Impact on Impairment £'000	
Factor				
Long term growth	1.67%	+/- 1%	612	(512)
Post tax discount rate	15.2%	+/- 1%	604	(505)
EBIT (£000s)	5,142	-10%		(1,687)
Average EBIT Margin	17.55%	+/- 1%	363	(363)

13. INTANGIBLE ASSETS (CONTINUED)

Benfleet Forwarding Limited

In October 2017, the Group acquired the entire issued share capital of Benfleet Forwarding Limited (part of the freight forward business unit). As a result of EU concerns over UK under-collection of duty on Chinese imports, HMRC changed the customs clearance processes being applied in the period. Consequently, Benfleet's Far Eastern customers began experiencing delays and incurring additional costs which resulted in those customers suspending sending containers to the UK. This impacted both the revenues and the profitability of Benfleet during the year. The Group therefore obtained legal and taxation advice on the situation and procedures undertaken, and the business re-commenced in the second half of the year, albeit at significantly lower levels to that previously performed in 2017.

As a result of this reduced profitability, the Group has carried out an impairment review on Benfleet. Based on the Board's expectations and projected future cash flows, the Group determined an impairment of £1,845,000 should be made against the goodwill capitalised upon the acquisition of Benfleet. The impairment charge has been recognised in administration expenses through the Income Statement.

Given the projected reduced profitability of Benfleet, the Group also determined and has agreed with the original vendors of Benfleet that potential deferred consideration totalling £624,000, which was the fair value recognised as at 31 December 2017, will no longer be payable. This liability has therefore been written back. Further, the vendors of Benfleet have agreed to reimburse Xpediator a total of £2,100,000 from the original initial consideration paid, to be received by the earlier of the share price reaching 93 pence or December 2020. Both the release of the deferred consideration of £624,000 and the recognition of the receivable from the vendors of Benfleet with a fair value of £1,995,000 have been recognised within administrative expenses in the Income Statement. The overall net impact of impairment charge, release of previously recognised deferred consideration payable and recognition of receivable from vendors of £624,000 has been recognised as a credit to the Income Statement. No other impairment losses have been recognised during the year.

The WACC of the Group has been calculated at a rate of between 13.22%-17.22% with each CGU being adjusted to take into consideration a specific Company premium risk factor.

The Goodwill by CGU is shown below:

Subsidiary Acquired	Value £'000
Pallex Express SRL	722
Easy Managed Transport Limited	2,258
Benfleet Forwarding Limited	1,562
Regional Express Limited	937
UK Buy	227
Anglia Forwarding Group Limited	662
Import Services Limited	4,963
Total	**11,331**

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 January 2018	142	972	840	1,593	3,547
Additions	–	232	79	243	554
Additions acquired with subsidiary	61	708	43	103	915
Disposals	–	(24)	(72)	(28)	(124)
Exchange differences	1	7	5	8	21
At 31 December 2018	**204**	**1,895**	**895**	**1,919**	**4,913**
DEPRECIATION					
At 1 January 2018	3	628	499	817	1,947
Charge for year	19	156	131	406	712
Eliminated on disposal	–	(15)	(66)	(30)	(111)
Exchange differences	–	2	3	5	10
At 31 December 2018	**22**	**771**	**567**	**1,198**	**2,558**
NET BOOK VALUE					
At 31 December 2018	**182**	**1,124**	**328**	**721**	**2,355**
At 1 January 2018	**139**	**344**	**341**	**776**	**1,600**

Group	Freehold property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST					
At 1 January 2017	122	921	759	1,058	2,860
Additions	2	165	224	380	771
Additions acquired with Subsidiary	15	30	19	9	73
Disposals	–	(2)	(176)	(19)	(197)
Exchange differences	3	12	14	11	40
Transfer Between Categories	–	(154)	–	154	–
At 31 December 2017	**142**	**972**	**840**	**1,593**	**3,547**
DEPRECIATION					
At 1 January 2017	–	508	504	662	1,674
Charge for year	3	117	89	159	368
Eliminated on disposal	–	(2)	(103)	(12)	(117)
Exchange differences	–	5	9	8	22
At 31 December 2017	**3**	**628**	**499**	**817**	**1,947**
NET BOOK VALUE					
At 31 December 2017	**139**	**344**	**341**	**776**	**1,600**
At 1 January 2017	**122**	**413**	**255**	**396**	**1,186**

The net book value of assets held under finance leases is £140,000 (2017: £86,000) and the depreciation charged in the year for these assets was £106,000 (2017:£17,000).

15. SUBSIDIARIES

The subsidiaries of Xpediator PLC, all of which have been included in these combined financial statements, are as follows:

Name	Registered Office	Country of incorporation	Proportion of ownership interest 2018	Proportion of ownership interest 2017
Delamode Holdings Ltd	1	United Kingdom	100%	100%
Delamode Distribution UK Ltd	1	United Kingdom	51%	51%
Delamode PLC	1	United Kingdom	100%	100%
Delamode Property Ltd	1	United Kingdom	100%	100%
EshopWeDrop Limited	1	United Kingdom	100%	100%
Xpediator Services Limited	1	United Kingdom	100%	100%
Easy Managed Transport Limited	1	United Kingdom	100%	100%
Benfleet Forwarding Limited	1	United Kingdom	100%	100%
Regional Express Limited	1	United Kingdom	100%	100%
Import Services Limited	1	United Kingdom	100%	–
Anglia Forwarding Group Limited	1	United Kingdom	100%	–
Anglia Forwarding Limited	1	United Kingdom	100%	–
Traker International Limited	1	United Kingdom	100%	–
Affinity Transport Solutions Srl	2	Romania	100%	100%
Delamode Moldova Srl	3	Moldova	100%	100%
Delamode Bulgaria EOOD	4	Bulgaria	90%	90%
Delamode Balkans DOO	5	Serbia	100%	100%
Affinity Balkans DOO	6	Montenegro	100%	100%
Delamode Macedonia	7	Macedonia	100%	100%
Delamode Baltics UAB	8	Lithuania	80%	80%
Delamode Estonia OÜ	9	Estonia	80%	80%
Delamode Romania Srl	2	Romania	100%	100%
Affinity Leasing IFN	2	Romania	99.95%	99.95%
EshopweDrop Holdings	10	Malta	100%	100%
EshopweDrop Baltics	8	Lithuania	100%	100%
Delamode Group Limited	10	Malta	100%	100%
Delamode Group Holdings Limited	10	Malta	100%	100%
Pallet Express Srl	11	Romania	100%	100%
Eshop Romania	2	Romania	100%	100%
Pallex Hungary	12	Hungary	100%	100%

Delamode Group Holdings Limited, Easy Managed Transport Limited, Benfleet Forwarding Limited, Regional Express Limited, Import Services Limited and Anglia Group Forwarding Limited are the only Subsidiaries held directly by Xpediator PLC.

1 700 Avenue West, Skyline 120, Braintree, Essex, CM77 7AA, United Kingdom

2 Bd. Timisoara, nr 111-115 Sector 6, Bucharest, 061327, Romania

3 Bd. Moscova 21/5 of. 1011 MD-2068, Chisinau, Republic of Moldova

4 361 Tsarigradsko Shose Boulevard, 1582, Sofia, Bulgara

5 Bulevar, Mihajla Pupina, 115v, 11070, Belgrade, Serbia

6 Dzordza, Vasingtona 51/43, Podgorica, 81000, Montenegro

7 Stefan Jakimov Dedov 14/1 1, 1000 Skopje, Macedonia

8 Eiguliu G, 2 03150, Vilnius, Lithuania

9 Parnu mnt. 139/C-1 11317, Tallinn, Estonia

10 Europa Business Centre, Level 3 – Suite 701, Dun Karn Street Birkirkara BKR 9034, Malta

11 Stefan cel Mare street, no. 193, Sibiu, 550321, Romania

12 1141 Budapest Szuglo utcs 82, Hungary

16. NON-CONTROLLING INTERESTS

Non-Controlling interests held in the Group are as follows:

	2018	2017
Delamode Baltics UAB	20.0%	20.0%
Delamode Estonia OÜ	20.0%	20.0%
Delamode Bulgaria EOOD	10.0%	10.0%
Delamode Service Financare IFN	0.05%	0.05%
Delamode Distribution UK Limited	49.0%	49.0%

On 4 January 2017, the Group acquired 10.0% of the non-controlling interest in Delamode Baltics and its subsidiary Delamode Estonia OU for £209,000.

The summarised financial information in relation to Delamode Bulgaria and Delamode Baltics before intra-Group eliminations, is presented below together with amounts attributable to NCI:

	Delamode Bulgaria £'000	Delamode Baltics UAB £'000
Share Capital	1	6
Reserves	117	251
Total NCI b/f 2017	**118**	**257**
Non-Controlling Interest in Results for the Year	78	198
Non-Controlling Interest in Dividends for the Year	(55)	(72)
Non-Controlling Interest in Translation adjustment on Opening reserves	1	4
Non-Controlling Interest in Translation adjustment on Results for the Year	1	3
Total NCI c/f 2018	**143**	**390**

	Delamode Bulgaria		Delamode Baltics UAB	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Revenue	18,223	13,991	47,875	36,795
Cost of sales	(15,925)	(12,233)	(42,018)	(32,770)
Gross profit	**2,298**	**1,758**	**5,857**	**4,025**
Administrative expenses	(1,443)	(967)	(4,798)	(3,252)
Other income	17	–	115	27
Operating profit	872	**791**	1,174	**800**
Finance costs	(1)	(1)	(10)	(9)
Profit before tax	871	**790**	1,164	**791**
Tax Expense	(88)	(79)	(172)	(122)
Profit after tax	**783**	**711**	**992**	**669**
Profit after tax attributable to non-controlling interests	**78**	**71**	**198**	**134**

	Delamode Bulgaria		Delamode Baltics UAB	
For the period to 31 December 2018	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Assets:				
Non-Current Trade and receivables	9	–	122	103
Property plant and equipment	88	53	60	84
Inventories	3	8	–	–
Trade and other debtors	3,640	2,996	8,567	7,823
Cash and cash equivalents	498	588	250	23
	4,238	**3,645**	**8,999**	**8,033**
Liabilities:				
Trade and other payables	2,762	2,446	7,051	6,748
Loans and other borrowings	46	23	–	–
	2,808	2,469	7,051	6,748
Total Net Assets	**1,430**	**1,176**	**1,948**	**1,285**
Accumulated non-controlling interests	143	118	390	257

The NCI of all the other shareholders, that are not 100% owned by the Group are considered to be immaterial.

17. INVESTMENTS

COST	Other Investment £'000	Associate Investment £'000	Total Investment £'000
At 1 January 2018	1	–	1
Additions	–	60	60
At 31 December 2018	1	60	61
NET BOOK VALUE			
At 31 December 2018	**1**	**60**	**61**

COST	Other Investment £'000	Associate Investment £'000	Total Investment £'000
At 1 January 2017	16	–	16
Disposals	(15)	–	(15)
At 31 December 2017	**1**	**–**	**1**
NET BOOK VALUE			
At 31 December 2017	**1**	**–**	**1**

Investments represent investments in shares in unlisted companies.

Associate Investments

As part of the acquisition of Anglia Group Forwarding Limited (4 June 2018), the Group immediately disposed of 60% of the share capital of International Cargo Centre (ICC). As the Group now owns 40% of the voting shares and does not have control over Board decisions, then the Group has accounted for this as an associate.

The Group received consideration of £83,000 from the sale and made a profit on disposal of £nil.

The Group's share of the results, assets and liabilities of its share in ICC is as follows:

	2018 £'000	2017 £'000
Revenue	188	–
Loss after tax	(78)	–
Non-current Assets	18	–
Current Assets	108	–
Total Assets	**126**	**–**
Current Liabilities	(167)	–
Share of Net Liabilities	(41)	–

The registered office of ICC is Blackwater Close, Fairview Industrial Park, Rainham, Essex, RM13 8UA.

Other Investments

The Group disposed of its unlisted investment in CWT Globelink on 4 August 2017 for cash consideration of £30,000.

18. INVENTORIES

Group	2018 £'000	2017 £'000
Raw materials	**58**	**50**

19. TRADE AND OTHER RECEIVABLES

Group	2018 £'000	2017 £'000
Current:		
Trade Receivables	53,555	46,533
Less: provision for impairment of trade receivables	(2,896)	(1,498)
	50,659	45,035
Current Financial Assets	2,302	2,295
Prepayments and contract assets	2,570	2,401
Other receivables	4,779	2,075
Total	**60,310**	**51,806**
Non Current		
Trade and other receivables	**1,194**	**149**

Trade receivables at 31 December 2016 were £26,746,000.

Current Financial Assets relate to the security deposits held by DKV on behalf of the Group which are refundable on termination of the agreement which can be served giving three month's notice hence they are classed as current assets.

Included with trade debtors is a balance due from Simplu Romania of £251,000 (2017 – £263,000). This debt is guaranteed by the Directors of Delamode Holdings BV (which include Stephen Blyth and Shaun Godfrey), who are a related party to the Xpediator Group.

Included within other receivables due within one year is an amount due of £840,000 (2017 – £nil) from the Vendors of Benfleet Forward Limited. In addition, there is a further £1,155,000 (2017 – £nil) included in trade and other receivables due in more than one year.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are then adjusted for known legal and specific economic factors, including the credit worthiness and ability of the customer to settle the receivable.

The movements in the impairment allowance for trade receivables are as follows:

Group	2018 £'000	2017 £'000
At 1 January	1,498	1,028
Increase during the year	1,311	777
Acquired from Acquisitions	623	–
Impairment losses reversed	(258)	(178)
Receivable written off during the year as uncollectible	(278)	(129)
At 31 December	**2,896**	**1,498**

At 31 December 2018, the lifetime expected loss provision for trade receivables and contract assets is as follows:

	Current £'000	More than 30 Days Past Due £'000	More than 60 Days Past Due £'000	More than 90 Days Past Due £'000	Total £'000
Expected loss Rate	0.3%	3.1%	15.3%	58.6%	
Gross Carrying Amount	45,934	4,018	1,590	4,081	55,623
Loss Provision	138	124	243	2,391	2,896

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Cash and cash equivalents are stated net of bank overdrafts in the cash flow statement.

Group	2018 £'000	2017 £'000
Bank accounts	9,647	7,385
Bank Overdrafts	–	(45)
	9,647	**7,340**

21. TRADE AND OTHER PAYABLES

Group	2018 £'000	2017 £'000
Current:		
Trade and other payables	47,154	42,110
Amounts owed to related parties	137	336
Social security and other taxes	2,222	1,650
Other creditors	4,610	5,514
Deferred Consideration	1,409	1,840
Accruals	1,949	1,363
Total Trade and other payables	**57,481**	**52,813**
Non Current		
Deferred Consideration	**2,089**	**1,666**

The deferred consideration of £1,409,000 (2017 - £1,840,000) due within one year relates to the deferred consideration on the acquisitions of Easy Managed Transport Limited, Regional Express Limited, UK Buy and Anglia Forwarding Group Limited. Of this balance, £563,000 (2017 - £1,078,000) is contingent on performance related criteria.

The deferred consideration of £2,089,000 (2017 - £1,666,000) due in more than one year relates to the deferred consideration on the acquisitions of Anglia Forwarding Group Limited and Import Services Limited. Of this balance, £2,089,000 (2017 - £952,000) is contingent on performance related criteria.

22. LOANS AND BORROWINGS

Group	2018 £'000	2017 £'000
Current:		
Finance leases	102	43
Bank loans	626	289
Invoice discounting facility	3,024	2,213
	3,752	**2,545**
Non-current:		
Finance Leases		
Finance Leases 1-2 years	56	64
Finance Leases 2-5 Years	27	24
Loans - 1-2 years	315	651
Loans - 2-5 years	1,053	1,006
Loans due after 5 years repayable by instalments	1,197	1,564
	2,648	**3,309**

22. LOANS AND BORROWINGS (CONTINUED)

The Lloyds bank loan due after 5 years is due to be repaid by November 2026. Interest is being charged at a fixed rate of 6.4% and a variable rate of 1.1% above the Bank of England base rate.

The bank loan is guaranteed by the personal assets of some of the Directors and Key Management of the Group.

Included within the loans due within one year is an amount of £327,000 (2017 – £nil) due to Delamode Holdings BV, a related party of some of the Directors and key management of the Group.

Included within loans due one to two years is an amount of £nil (2017 – £327,000) due to Delamode Holdings BV.

The book value and fair value of loans and borrowings are as follows:

Non-Current	2018 £'000	2017 £'000
Finance leases and Bank borrowings		
– Secured	2,648	2,874
– Unsecured	–	435
	2,648	**3,309**
Current		
Finance lease and Bank borrowings:		
– Secured	3,425	2,502
– Unsecured	327	43
	3,752	2,545
Total loans and borrowings	**6,400**	**5,854**
Sterling	5,978	5,396
Other	422	458
	6,400	**5,854**

The Finance lease loans are secured against the assets on which the finance relates. Bank borrowings and overdrafts are secured by a fixed and floating charge over the Group's assets.

The movements in the finance leases and borrowings are as follows:

Group	2018 £'000	2017 £'000
At 1 January	5,854	5,352
New finance lease and borrowings in the year	908	1,198
Finance leases and borrowings repaid during the year	(362)	(696)
At 31 December	**6,400**	**5,854**

23. PROVISIONS

Other provisions relate to an assessment of dilapidation of leasehold properties. In each instance, management have undertaken surveys to understand the work required to bring the leasehold properties back to their original condition. All of these provisions are due to be settled in more than one year.

	2018 £'000	2017 £'000
Balance at 1 January	–	–
Additions During the Year	1,523	–
Balance at 31 December	**1,523**	**–**

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Fixed rate bank loans
- Bank loan

Financial instruments by category

Financial Assets at Amortised Costs

	2018 £'000	2017 £'000
Cash and cash equivalents	9,647	7,385
Trade and other receivables	58,934	50,678
Total Financial Assets at amortised costs	**68,581**	**58,063**

Financial Liabilities	**Fair value through profit and loss**		**Loans and other payables**	
	2018 £'000	**2017 £'000**	**2018 £'000**	**2017 £'000**
Trade and other payables	–	–	53,850	49,323
Loans and Invoice Discounting	–	–	6,400	5,854
Bank overdraft	–	–	–	45
Deferred consideration	846	1,476	2,652	2,030
Total Financial Liabilities	**846**	**1,476**	**62,902**	**57,252**

Financial instruments not measured at fair value

These include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk) credit risk and liquidity risk. The financial risks relate to the following financial instruments: cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. The accounting policies with respect to these financial instruments are described above.

Risk management is carried out by the directors under policies approved at the AGM. The directors identify and evaluates financials risks in close co-operation with the Group's operating units. The directors provide principles for overall risk management.

The reports on the risk management are produced periodically to the key management personnel of the Group.

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

(a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, the most suitable bank in the local territory is selected.

A significant amount of cash is held with the following institutions:

Cash at bank	2018* Rating	2018 £'000	2017 £'000
Barclays Bank	A	1,117	2,656
Lloyds Bank	BBB+	1,773	182
Raiffeisenbank	BBB+	2,471	1,418
RBS	BBB-	1,135	319
HSBC	A	353	261
Bank of Transylvania	BB	28	232
Unicredit Bulbank	BBB	267	216
Hipotekarna Bank	NA	512	–
Other		793	571
Total		**8,449**	**5,855**

* Based on Standard & Poor Rating

Short term deposits	2018 Rating	2018 £'000	2017 £'000
Lloyds Bank	BBB+	1,198	1,485

Reconciliation of cash in bank and deposits to balance sheet	2018 £'000	2017 £'000
Cash at bank	8,449	5,855
Short term deposits	1,198	1,485
	9,647	**7,340**

(b) Market risk

(i) Price risk

Certain aspects of the commercial terms relating to the Affinity division are, directly linked to the commodity costs of fuel purchased by their clients at roadside fuelling stations across Europe. As such there is a risk arising from price changes relating to the fuel prices offered at the respective fuelling stations. In order to manage this risk the Group partially hedges the way it charges its commissions.

The table below shows the sensitivity analysis to possible changes in fuel prices to which the Group is exposed at the end of each year, with all other variables remaining constant. This arises due to the commercial arrangements the Affinity division has with its clients, whereby it will generate income in the form of commissions based on the value of fuel purchased by its clients.

Petrol price risk effect on net profit sensitivity analysis:	2018 £'000	2017 £'000
Price increased by 10%	154	130
Price decreased by 10%	(154)	(130)

The Group is exposed to the market risk with respect to its operating income which is subject to changes in performance, exchange fluctuations and other market influences both economic and political. The directors manage this risk by reviewing on a regular basis market fluctuations arising on the Group's activities.

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates.

The risk associated with interest-bearing debts is mitigated by utilising a mix of fixed and variable interest rate loans. The Group's cash flow and fair value interest rate risk is periodically monitored by the directors. The cash flow and fair value risk policy is approved by the directors.

Receivables and trade and other payables are interest free and have settlement dates within one year.

A sensitivity analysis is normally based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated – for example, change in exchange rates and change in market values.

(iii) Foreign exchange risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the presentational currency of the Group. Foreign exchange risk also arises when individual companies enter into transactions denominated in a currency other than their functional currency. Certain assets of the Group comprise amounts denominated in foreign currencies. Similarly, the Group has financial liabilities denominated in foreign currency. In general, the Group seeks to maintain the financial assets and financial liabilities in each of the foreign currencies at a reasonably comparable level, thereby providing a natural hedge against foreign exchange risk.

	GBP £'000	Euro £'000	RON £'000	MLD LEU £'000	BGN LEV £'000	RSD Dinar £'000	HUF Forints £'000	MKD Denar £'000	Total £'000
At 31 December 2018									
Financial assets	24,868	31,799	6,409	102	3,892	1,297	18	196	**68,581**
Financial Liabilities	22,468	28,478	7,559	47	2,721	1,426	–	203	**62,902**
At 31 December 2017									
Financial assets	15,580	28,185	9,218	131	3,413	1,337	18	181	**58,063**
Financial liabilities	18,386	28,678	6,054	33	2,363	1,461	39	238	**57,252**

An analysis of the Group's exposure to foreign exchange risk, illustrating the impact on the net financial assets of a 10% movement in each of the key currencies to which the Group is exposed, is shown below

Foreign currency risk sensitivity analysis:	2018 £'000	2017 £'000
Euro		
Strengthened by 10%	332	49
Weakened by 10%	(332)	(49)
Romanian Lei		
Strengthened by 10%	(115)	316
Weakened by 10%	115	(316)
Moldavian Leu		
Strengthened by 10%	6	10
Weakened by 10%	(6)	(10)
Serbian Dinar		
Strengthened by 10%	(13)	(12)
Weakened by 10%	13	12
Bulgarian Lev		
Strengthened by 10%	117	105
Weakened by 10%	(117)	(105)
Macedonian Denar		
Strengthened by 10%	(1)	6
Weakened by 10%	1	(6)

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash flow for operations. The Group manages its' risk to shortage of funds by monitoring forecast and actual cash flows.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, invoice discounting and long term loan finance.

At 31 December 2018	Up to 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade and other payables	53,850	–	–	–
Loans & Invoice Discounting	3,752	371	1,080	1,197
Deferred consideration	1,409	2,089	–	–
Total	**59,011**	**2,460**	**1,080**	**1,197**

At 31 December 2017	Up to 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
Trade and other payables	49,323	–	–	–
Loans & Invoice Discounting	2,545	715	1,030	1,564
Overdraft	45	–	–	–
Deferred Consideration	1,840	1,666	–	–
Total	**53,753**	**2,381**	**1,030**	**1,564**

25. CALLED UP SHARE CAPITAL

Ordinary Shares of £0.05 each	2018 Number	2018 £000s	2017 Number	2017 £000s
At the beginning of the year	117,431,144	5,872	80,000,000	4,000
Issued During the Year	16,282,460	814	37,431,144	1,872
At the end of the year	**133,713,604**	**6,686**	**117,431,144**	**5,872**
50,000 deferred shares of £1.00 each	50,000	50	50,000	50
At the end of the year	**133,763,604**	**6,736**	**117,481,144**	**5,922**

On 8 June 2018, the Company issued 1,727,694 Ordinary Shares of £0.05 each in the Company as part of the agreed deferred consideration for the acquisition of Easy Managed Transport Limited. The total value of this transaction was £1,074,625, which was settled by the issuance of the new shares.

On 11 July 2018, the Group raised a further £7,000,000 before expenses by issuing an additional 10,000,000 Ordinary Shares of £0.05 each in the Company. Costs of £424,000 have been taken to the share premium reserve. Following this fund raising, the Group acquired Import Services limited a contract logistics and warehousing business based in Southampton, UK. A further 3,740,648 (which equated to consideration of £3,000,000) Ordinary Shares of £0.05 each were issued as part of this transaction.

On 10 September 2018, 729,167 Ordinary Shares were issued to Dana Antohi as she exercised her options. The exercise price of this option was £0.05.

On 31 December 2018, the Company issued 84,951 Ordinary Shares of £0.05 each in the Company as part of the agreed deferred consideration for the acquisition of Regional Express Limited. The total value of this transaction was £35,000 which was settled by the issuance of the new shares.

Shares Issued During 2017

On 25 May 2017, the Company entered into a share swap agreement whereby the ultimate beneficiaries of Delamode Group Holding Limited swapped their shares in Delamode Group Holding Limited for shares in Xpediator Plc. This created 4,000,000 Ordinary Shares of £1.00 being issued to the shareholders of the Company.

25. CALLED UP SHARE CAPITAL (CONTINUED)

On the 7 August 2017 these shares were converted into 80,000,000 Ordinary Shares of £0.05 each.

On the 11 August 2017, the Company issued 20,833,333 of £0.05 Ordinary Shares following the listing on the Alternative Investment Market. The Company raised Gross Proceeds of £5,000,000 to assist with further acquisitions. Costs of £421,000 have been taken to the share premium reserve.

On 25 October 2017, the Company issued 9,219,858 of £0.05 Ordinary Shares (market value of £2,600,000) shares to the shareholders' of Benfleet Forwarding Limited as part of the consideration for the acquisition of the Company.

On 3 November 2017, the Company issued 377,953 of £0.05 Ordinary Shares (market value of £120,000) to the shareholders' of Regional Express Limited as part of the consideration for the acquisition of the Company.

On the 30 November 2017, the Company issued a further 7,000,000 £0.05 shares following an addition round of funding. The Company raised gross proceeds of £2,800,000 to assist with further acquisitions and working capital requirements. Costs of £195,000 have been taken to the share premium reserve.

The deferred shares are non-voting shares and have no rights to any distribution or dividend payments.

26. RESERVE DESCRIPTION AND PURPOSE

Retained earnings: All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Translation reserve: represents the difference arising on the translation of the net assets and results of subsidiaries into the presentation currency.

Merger Reserves: represents the difference between the nominal value of consideration paid for shares acquired in entities under common control and the nominal value of those shares. This arises as a result of the business combination falling outside the scope of IFRS 3 and merger accounting being applied in place of acquisition accounting. In addition, the premium on the fair value in excess of the nominal value of shares issued in consideration of business combinations is credited to the merger reserve.

Share premium is the amount subscribed for share capital in excess of nominal value.

Equity reserve represents the cost of the share options granted that have not yet been exercised.

27. SHARE-BASED PAYMENTS

The Company has granted Directors' and key management share option plans. These are unapproved schemes so they do not satisfy the requirements of schedule 4, ITEPA. A summary of the options plans is shown below. All options will vest between 1 to less than 4 years.

Name	Share Option No	Option Price £	Vesting Period	Expiry Date
Alex Borrelli	416,667	0.24	May 2019	May 2019[1]
Geoff Gillo	208,333	0.24	May 2019	May 2019[1]
SP Angel	55,250	0.24	July 2022	August 2022
Stephen Blyth – Tranche 1	214,286	0.70	November 2018	December 2021
Stephen Blyth – Tranche 2	214,286	0.70	May 2019	December 2021[2]
Stephen Blyth – Tranche 3	214,286	0.70	May 2020	December 2021[3]
Stephen Blyth – Tranche 4	214,285	0.70	May 2021	December 2021[4]
Stuart Howard – Tranche 1	160,714	0.70	November 2018	December 2021
Stuart Howard – Tranche 2	160,714	0.70	May 2019	December 2021[2]
Stuart Howard – Tranche 3	160,714	0.70	May 2020	December 2021[3]
Stuart Howard – Tranche 4	160,715	0.70	May 2021	December 2021[4]

1 The expiry date is 10 days after the approval of the Group's consolidated audited accounts for the year ending 31 December 2018.

2 Options can be exercised immediately following the Company's AGM in 2019.

3 Options can be exercised immediately following the Company's AGM in 2020.

4 Options can be exercised immediately following the Company's AGM in 2021.

On 26 November 2018, the Company granted options over 857,143 Ordinary Shares (Stephen Blyth) and 642,857 Ordinary shares (Stuart Howard). These are split into four tranches. Tranche 1 (375,000 Ordinary Shares) are exercisable from November 2018 and have an expiry date of 31 December 2021. The options may only be exercised in whole and not part. There are no other vesting conditions.

27. SHARE-BASED PAYMENTS (CONTINUED)

Tranche 2 (375,000 Ordinary Shares) are exercisable from May 2019 and have an expiry date of 31 December 2021. The options may only be exercised in whole and not part. The Options are conditional on earnings per share of the Company increasing 10 per cent (or more) for the year ending 31 December 2018 compared with the prior year.

Tranche 3 (375,000 Ordinary Shares) are exercisable from May 2020 and have an expiry date of 31 December 2021. The options may only be exercised in whole and not part. The Options are conditional on earnings per share of the Company increasing 10 per cent (or more) for the year ending 31 December 2019 compared with the prior year.

Tranche 4 (375,000 Ordinary Shares) are exercisable from May 2021 and have an expiry date of 31 December 2021. The options may only be exercised in whole and not part. The Options are conditional on earnings per share of the Company increasing 10 per cent (or more) for the year ending 31 December 2020 compared with the prior year.

The exercise price of all the Share Options is £0.70.

On 10 September 2018 729,167 Ordinary Shares were issued to Dana Antohi as she exercised her options. The exercise price of this option was £0.05. The share price at the time of issue of these shares was £0.66.

On 11 August 2017, the Company has granted share options to the non-executive directors over 416,667 Ordinary Shares (Alex Borrelli) and 208,333 Ordinary Shares (Geoff Gillo). The options may only be exercised in whole and not part and exercise of the options are conditional on the earnings per share of the Company in each of the two years ending 31 December 2017 and 31 December 2018 increasing by 10 per cent. or more on the previous year. For Alex Borrelli, the options are also conditional on him being a director of the Company on the date that the consolidated audited accounts of the Company for the year ending 31 December 2018 are published and for Geoff Gillo, on him being a non-executive director of the Company on such date. The exercise price of the options is the Placing Price. (£0.24)

The Company has also granted to SP Angel warrants to subscribe for 55,250 Ordinary Shares at the Placing Price, £0.24, exercisable at any time during the period of five years from Admission.

Options will normally lapse on cessation of employment. However, exercise is permitted for a limited period following cessation of employment for specified reasons, such as redundancy, retirement, ill-health, and, in other circumstances, at the discretion of the Remuneration Committee.

The movements in share options are as follows:

	2018 No	2017 No
At 1 January	1,409,417	–
Share Options Granted during the year	1,500,000	1,409,417
Share Options Exercised During the Year	(729,167)	–
At 31 December	2,180,250	1,409,417
Weighted Average Share Price of Options	£0.35	£0.24
Weighted Average Grant Fair Value	£0.04	£0.05
Weighted Average Contractual Life	14 Months	11 Months
Exercise Price	£0.24 to £0.70	£0.05 to £0.24

The weighted average grant fair value during the year was 2018 £0.04 (2017 – £0.125) per option. The outstanding options have a weighted average contractual life of 14 months, and exercise price between £0.24 and £0.70.

Options were valued using the Black-Scholes option pricing model. No performance conditions were included in the fair value calculations. Expected dividends are not incorporated into the fair value calculations. The fair value per option granted and the assumptions used in the calculations are as follows;

	2018	2017
Risk Free Investment	1.55%	1.97%
Expected Life	31 Months	18 months
Expected Volatility	50.72%	43.63%

Weighted Average Share Price

For 2018 options granted, a volatility of 50.72% (2017 - 43.63%) has been used reflecting the historical based on share transactions since listing. The maximum vesting period was used as a basis to determine the expected life of the option. The risk-free rate was based on the Government Gilts rates in effect at the time of the grant.

The Group recognised total expenses of £109,000 (2017 - £69,000) relating to equity-settled share-based payments.

28. LEASES

The Group utilises finance leases and hire purchase agreements to acquire property, plant and equipment. Future minimum amounts repayable are shown below:

	2018 £'000	2017 £'000
Hire purchase contracts		
Gross obligations repayable:		
Within one year	106	48
Between one and five years	87	92
	193	**140**
Finance charges repayable:		
Within one year	4	5
Between one and five years	4	4
	8	**9**
Net obligations repayable:		
Within one year	102	43
Between one and five years	83	88
	185	**131**
Net obligations included within:		
Current liabilities	102	43
Non-current Liabilities	83	88
	185	**131**

Operating leases - lessee

In addition to finance leases the Group has various operating leases which are shown below. The ownership of the operating leases will not pass to the lessee at the end of the agreement.

Operating lease commitments represents rental payable for certain of its office properties and assets such as motor vehicles, office equipment and forklift trucks.

The total future value of minimum lease payments is due as follows:

	2018 £'000	2017 £'000
Non-cancellable operating leases - Non-Property		
Within one year	664	285
Between one and five years	1,217	559
In more than five years	8	7
	1,889	**851**
Non-cancellable operating leases – Property Payable		
Within one year	5,796	1,956
Between one and five years	20,625	6,446
In more than five years	5,313	2,855
	31,734	**11,257**

	2018 £'000	2017 £'000
Minimum lease payments Receivable		
Not later than one year	106	37
Later than one year and not later than five years	61	43
Later than five years	–	–
	167	**80**

The Group have reviewed the operating lease commitment disclosure to promote comparability and consistency with the measurement of lease liabilities under IFRS16, which will be adopted in the following financial period.

29. RELATED PARTY TRANSACTIONS

Delamode Holding BV, is indirectly owned by Shaun Godfrey, Sandu Grigore, and Cogels Investments Limited all of whom are shareholders of Xpediator PLC.

Delamode International Kft, Delamode Hungary, Kft and Delamode Consulting Srl are all subsidiaries of Delamode Holding BV.

Delamode Properitati Srl, a Company owned by Delamode Holding BV, is the landlord of one of the Group's leasehold properties in Romania. Rent payable under the current lease is at market rates. Shaun Godfrey, Sandu Grigore and Cogels Investment Limited are shareholders of Xpediator PLC.

Shaun Godfrey is key management personnel of Xpediator PLC and Stephen Blyth is a Director of both Xpediator PLC and COGELs Investment Limited.

During the year Group companies entered into the following transactions with related parties who are not members of the Group.

	Sales		Purchases		Amounts owed by		Amounts owed to	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Related Party								
Delamode Holding BV	–	55	–	–	55	55	446	646
Delamode Propretati, Srl	3	3	–	315	7	9	2	2
Delamode Hungary Kft	–	–	–	–	50	21	16	15
Companies in which directors or their immediate family have a significant controlling interest								
Affinity Group Limited	–	2	–	–	45	43	–	–
COGELs Investment Ltd	–	–	–	–	237	235	–	–
Borelli Capital Limited	–	–	13	–	–	–	–	–
Directors								
Shaun Godfrey	–	14	–	14	1	–	–	14
Richard Myson	–	1	–	–	–	–	1	1
Sandu Grigore	–	–	–	–	–	–	–	–
Stephen Blyth	13	–	–	–	–	–	–	–

The maximum amount owed to the Group by the directors at any time during the year was as follows;

	2018 £'000	2017 £'000
Affinity Group Limited	45	45
COGELs Investment Ltd	237	243
Shaun Godfrey	14	31
Richard Myson	–	1
Sandu Grigore	–	2
Stephen Blyth	13	–
Borelli Capital Limited	13	–

Details of directors' remuneration and the remuneration of Key Management Personnel are given in note 7.

At 31 December 2018, the bonuses payable to Stephen Blyth of £75,000 (2017 – £nil) and Stuart Howard of £37,500 (2017 – £nil) were accrued within these financial statements, and are due to be paid in April 2019.

All related party transactions were made at an arm's length basis.

Delamode (SW) Limited

On the 1 June 2018, Delamode Holdings Limited entered into a franchise agreement with Delamode (SW) Limited (SW), with Shaun Godfrey acting as a Director for both Companies and part of key management of Xpediator PLC. The Group provides certain administrative functions on behalf of SW and charges a fee at an agreed rate and under the franchise agreement is entitled to a share of the profits in SW. Included within the Group's Consolidated Income Statement is a management fee for the administrative functions and profit share of from SW of £20,000.

At the year-end, the Group is owed is £89,000 from SW. All transactions were made at an arm's length basis.

30. EXCEPTIONAL ITEMS

The Group has incurred costs of £318,000 (2017 - £240,000) relating to the acquisitions of Anglia Group Forwarding Limited and Import Services Limited. These costs relate to external accountancy, legal support, professional fees and stamp duty payable to local tax authorities.

As a result of the Group's decision to seek admission to the Alternative Investment Market in the UK, it incurred costs for legal and consultancy fees relating this process of £nil (2017 - £672,000). These costs relate to external accountancy, legal support and corporate advisors and are non-recurring.

31. SUBSEQUENT EVENTS

There are no subsequent events that impact the Group's Financial Statements.

32. NATURE OF LEASES

The Group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some jurisdictions property leases the periodic rent is fixed over the lease term.

The group also leases certain items of plant and equipment. In some contracts for services with distributors, those contracts contain a lease of vehicles. Leases of plant, equipment and vehicles comprise only fixed payments over the lease terms.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

	Lease Contract Number	Fixed Payments %	Variable Payments %	Sensitivity £'000
Property Leases with payments linked to inflation	3	-	4%	655
Property Leases with Fixed Payments	23	33%	–	–
Leases of Plant & Equipment	17	25%	–	–
Vehicle Leases	26	38%	–	–
	69	**96%**	**4%**	**655**

33. BUSINESS COMBINATIONS

Anglia Forwarding Group Limited

On 4 June 2018, the Group acquired 100% of the issued share capital of Anglia Forwarding Group Limited (Anglia), an international freight forwarding and courier business.

The principal reason for this acquisition was to enable the Group to consolidate and enhance their UK freight forwarding distribution services and to allow cross-selling opportunities, especially within the customs clearance areas.

The total consideration payable comprised cash on completion of £1,500,000 and a final Cash sum equal to £431,000 based on the net working capital adjustment on completion earn-out payments payable over two years. The deferred consideration is calculated as follows, both of which are subject to a maximum aggregate payment of £2,000,000:

- 50% of 5 times Anglia's operating profit before tax less target profit of £750,000 in respect of the First Earn-Out Year, with an amount not greater than £1,000,000.
- 50% of 5 times the Company's operating profit before tax less target profit of £750,000 in respect of the Second Earn-Out Year, with an amount not greater than £1,000,000.

Fair Value assessment

As part of the fair value assessment of the Intangible assets of Anglia, it was identified that the only intangible asset category to apply, is the customer related intangible assets. The fair value calculation of customer related intangible asset was determined by using the income approach based on the expected future cash flows. This was then discounted to determine the present value.

The weighted average cost of capital used in determining the present value, was 12.0%, which reflected the business and market risks factors.

33. BUSINESS COMBINATIONS (CONTINUED)

The outcome of the fair value calculation was to derive a customer related intangible asset with a value of £938,000.

Economic useful life

When determining the economic useful life of the customer relationships the historical length of relationships with existing customers and those reported by listed companies in the sector was considered as well as an annual attrition rate of 10.0%.

Based on these factors, it was concluded that the useful economic life for customer relationships in relation to Anglia would be up to 10 years.

Deferred tax

As a result of the creation of the customer related intangible asset, there is a deferred tax liability, which was calculated as the sum of the fair values of the intangible assets multiplied by the tax rate. An average long-term tax rate of 17.0% was used as to determine this. This resulted in a deferred tax liability of £159,000.

Deferred Consideration

The deferred consideration consists of the

- payment relating to the earn out period and;
- amount by which the Completion Net Asset exceeds Target Net Assets

In determining the present value of the earn out payment, the first payment which is due in May 2019 was calculated using a cost of capital of 12.0%.

Using the forecasted results for the respective periods the present value of the deferred consideration relating to the earn out was calculated to be £797,000.

Acquisition costs of £72,000 have been expensed to the income statement and are shown as part of the exceptional expenses.

Goodwill

When determining the goodwill arising on the acquisition the following calculations were used.

Purchase Consideration	£'000
Initial Consideration	1,500
Net Cash on Completion	431
Sale Proceeds from International Cargo Centre	85
P.V. of Deferred Consideration	797
Total Consideration for Equity	**2,813**

Allocation of Assets and Liabilities Acquired	
Intangible Assets	
Customer-related Intangible Assets	938
Other Assets	
Trade Receivables	2,455
Other Receivables	710
Cash	431
Fixed Assets	177
Non-Current Assets	113
Liabilities	
Trade Payables	(2,108)
Other Payables	(406)
Deferred Tax Liability for Intangible Assets	(159)
Goodwill	**662**

The goodwill recognised will not be deductible for tax purposes.

33. BUSINESS COMBINATIONS (CONTINUED)

Since the acquisition, Anglia has contributed £8,676,000 to Group revenue and £360,000 to Group Profit. Had Anglia been part of the Group for the full year, it would have contributed full year revenue £13,964,000 and full year profit before tax of £508,000.

International Cargo Centre (ICC)

As part of the acquisition of Anglia, the Group disposed of 60% of the share capital of ICC on 4 June 2018. As the Group now owns 40% of the voting shares and does not have control over Board decisions, then the Group will account for this as an associate.

Anglia Forwarding Group received consideration of £83,000 from the sale and made a profit on disposal of £nil.

Import Services Limited

On 13 July 2018, the Group acquired 100% of the issued share capital of Import Services Limited (ISL) an international port-centric logistics Company. As ISL is based in Southampton, the Company is close to Britain's second largest deep-sea terminal and the first port of call for inbound container ships from the Far East and the USA into Northern Europe.

The principal reason for this acquisition was to enable the Group to enhance their warehousing and distribution services and to allow good cross-selling opportunities. The total consideration payable comprised cash on completion of £6,000,000, share based consideration of £3,000,000, Cash at completion equal to £5,773,000, a net working capital adjustment of £572,000 and two earn-out payments payable over two years. The deferred consideration is calculated as follows, both of which are subject to a maximum aggregate payment of £3,000,000:

- An amount equal to the amount by which the aggregate value of the Xpediator Shares is less than £4,500,000 on 30th April 2020. The maximum Additional Consideration shall not be greater than £1,500,000.
- If the Earnings Before Tax (EBT) is greater than the Target EBT (£1,462,500), £1,500,000 shall be payable. If EBT is less than the target EBT, the Earn Out payment shall be reduced by an amount by which EBT is less than the Target EBT multiplied by 3. If the aggregate value of the Xpediator Shares is equal or greater than £6,000,000 for a period of 90 consecutive days between the Completion Date and 30 April 2020, the additional Consideration and Earn Out Payment shall be deemed paid, and no payment will be made to the seller.

Fair Value assessment

As part of the fair value assessment of the Intangible assets of ISL, a Customer related and technology based intangible asset were identified. The fair value calculation of customer related intangible asset was determined by using the income approach based on the expected future cash flows. This was then discounted to determine the present value. The technology asset has been valued using the replacement cost approach. The valuation attempts to capture the effort required to develop similar technology at the valuation date. The weighted average cost of capital used in determining the present value, was 13.0%, which reflected the business and market risks factors. The outcome of the fair value calculation was to derive a customer related intangible asset with a value of £5,449,000 and a technology based asset of £510,000.

Economic useful life

When determining the economic useful life of the customer relationships the historical length of relationships with existing customers and those reported by listed companies in the sector was considered as well as an annual attrition rate of 7.0%. Based on these factors, it was concluded that the useful economic life for customer relationships in relation to ISL would be up to 12 years. For the technology based asset, a useful economic life of 5 years has been used, based on the pace of technological change in the sector.

Deferred tax

As a result of the creation of these intangible assets, there is a deferred tax liability, which was calculated as the sum of the fair values of the intangible assets multiplied by the tax rate. An average long-term tax rate of 17.0% was used as to determine this. This resulted in a deferred tax liability of £1,013,000.

33. BUSINESS COMBINATIONS (CONTINUED)

Deferred Consideration

The deferred consideration consists of the

- payment relating to the earn out period and;
- amount by which the Completion Net Asset exceeds Target Net Assets and is dependent on the future share price of the Xpediator shares.

In determining the present value of the earn out payment, the first payment which is due in May 2020 was calculated using a cost of capital of 13.0%.

Using the forecasted results for the respective periods the present value of the deferred consideration relating to the earn out was calculated to be £1,583,000.

Acquisition costs of £246,000 have been expensed to the income statement and are shown as part of the exceptional expenses.

Goodwill

When determining the goodwill arising on the acquisition the following calculations were used.

Purchase Consideration	**£'000**
Initial Consideration – cash paid	6,000
Initial Consideration – Shares	3,000
Initial Consideration – Cash in the business at acquisition	5,773
Net Working Capital Adjustment	572
P.V. of Deferred Consideration	1,583
Total Consideration for Equity	**16,928**

Allocation of Assets and Liabilities Acquired	
Intangible Assets	
Customer-related Intangible Assets	5,449
Technology-related Intangible Assets	510
Other Assets	
Inventories	13
Trade Receivables	2,584
Other Receivables	7,619
Cash	1,605
Fixed Assets	727
Liabilities	
Trade Payables	(1,874)
Other Creditors	(2,061)
Finance Lease Creditors due within one year	(100)
Finance Lease Creditors due more than one year	(41)
Provisions	(1,453)
Deferred Tax Liability for Intangible Assets	(1,013)
Goodwill	**4,963**

The goodwill recognised will not be deductible for tax purposes.

Since the acquisition, ISL has contributed £12,754,000 to Group revenue and £1,749,000 to Group Profit.

Had ISL been part of the Group for the full year, it would have contributed full year revenue £22,273,000 and full year profit before tax of £2,545,000.

33. BUSINESS COMBINATIONS (CONTINUED)

Benfleet Forwarding Limited

In October 2017, the Group acquired the entire issued share capital of Benfleet Forwarding Limited (Benfleet). As a result of EU concerns over UK under-collection of duty on Chinese imports, HMRC changed the customs clearance processes being applied in the period. Consequently, Benfleet's Far Eastern customers began experiencing delays and incurring additional costs which resulted in those customers suspending sending containers to the UK. This impacted both the revenues and the profitability of Benfleet during the year. The Group therefore obtained legal and taxation advice on the situation and procedures undertaken, and the business re-commenced in the second half of the year, albeit at significantly lower levels to that previously performed in 2017.

As a result of this reduced profitability, the Group has carried out an impairment review on Benfleet. Based on the Board's expectations and projected future cash flows, the Group determined an impairment of £1,845,000 should be made against the goodwill capitalised upon the acquisition of Benfleet.

Given the projected reduced profitability of Benfleet, the Group also determined and has agreed with the original vendors of Benfleet that potential deferred consideration totalling £624,000, which was the fair value recognised as at 31 December 2017, will no longer be payable. This liability has therefore been written back to the Income Statement.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
ASSETS			
NON-CURRENT ASSET			
Intangible assets	3	4	–
Property, plant and equipment	4	34	3
Investments	5	55,726	38,562
Trade and other receivables	6	1,290	111
Deferred tax		–	51
		57,054	**38,727**
CURRENT ASSETS			
Trade and other receivables	6	2,586	288
Cash and cash equivalents		–	962
		2,586	1,250
TOTAL ASSETS		**59,640**	**39,977**
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	9	6,736	5,922
Share Premium	10	11,868	5,792
Equity Reserve	10	46	19
Merger Reserve	10	23,915	20,083
Retained earnings	10	1,205	415
		43,770	**32,231**
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred Consideration	8	2,089	1,503
CURRENT LIABILITIES			
Overdraft	7	1,088	–
Deferred Consideration	7	1,393	1,677
Trade Creditors and Other Payables	7	11,300	4,566
Total Liabilities		**15,870**	**7,746**
TOTAL EQUITY AND LIABILITIES		**59,640**	**39,977**

The Company made a profit in the year of £2,113,000 (2017 - £765,000).

Stephen Blyth
CEO
26 April 2019

Stuart Howard
CFO

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share Capital £'000s	Share Premium £'000s	Equity Reserve £'000s	Merger Reserve £'000s	Retained Earnings £'000s	Total £'000s
Equity as at 1st January 2018		**5,922**	**5,792**	**19**	**20,083**	**415**	**32,231**
Contribution by and distribution to owners							
Dividends Paid		–	–	–	–	(1,323)	(1,323)
Issue of New Ordinary Shares	9	500	6,076	–	–	–	6,576
Share Based Charge	12	–	–	27	–	–	27
Share Options Exercised	12	36	–	–	–	–	36
Shared Based Consideration on Acquisitions	10	278	–	–	3,832	–	4,110
Total Contributions by and distribution to owners		**6,736**	**11,868**	**46**	**23,915**	**(908)**	**41,657**
Profit for the year		–	–	–	–	2,113	2,113
Equity as at 31 December 2018		**6,736**	**11,868**	**46**	**23,915**	**1,205**	**43,770**

	Notes	Share Capital £'000s	Share Premium £'000s	Equity Reserve £'000s	Merger Reserve £'000s	Retained Earnings £'000s	Total £'000s
Equity as at 1st January 2017		**50**	**–**	**–**	**–**	**–**	**50**
Contributions by and distribution to owners							
Dividends Paid		–	–	–	–	(350)	(350)
Issue of New Ordinary Shares	9	1,392	5,792	–	–	–	7,184
Share Swap with Delamode Group Holdings	10	4,000	–	–	17,842	–	21,842
Share Based Payment Charge		–	–	19	–	–	19
Share Based Consideration on Acquisitions	10	480	–	–	2,241	–	2,721
Total contribution by and distributions to owners		**5,922**	**5,792**	**19**	**20,083**	**(350)**	**31,466**
Profit for the year		–	–	–	–	765	765
Equity as at 31 December 2017		**5,922**	**5,792**	**19**	**20,083**	**415**	**32,231**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10)(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Merger accounting

On 25 May 2017 Xpediator Plc entered into a share swap agreement with the ultimate beneficiaries of Delamode Group Holdings Limited, whereby 4,000,000 new ordinary shares of £1.00 each were issued to the ultimate beneficiaries of Delamode Group Holdings Limited in exchange for their shares in Delamode Group Holdings Limited in the same proportion as their shareholding in Delamode Group Holdings Limited. The merger method of accounting is used to consolidate the results of Xpediator plc.

On 8 June 2018, the Company issued 1,727,694 new ordinary shares of £0.05 each as part of the deferred consideration of Easy Managed Transport. The premium on the fair value in excess of the nominal value of shares issued in consideration of business combinations is credited to the Merger reserve.

On 13 July 2018, the Company issued 3,740,648 new ordinary shares of £0.05 each as part of the acquisition of Import Services Limited. The premium on the fair value in excess of the nominal value of shares issued in consideration of business combinations is credited to the Merger reserve.

1. ACCOUNTING POLICIES (CONTINUED)

On 31 December 2018, the Company issued 84,951 new ordinary shares of £0.05 each as part of the deferred consideration of Regional Express Limited. The premium on the fair value in excess of the nominal value of shares issued in consideration of business combinations is credited to the Merger reserve.

Going concern

The directors have concluded that it is appropriate that the financial statements have been prepared on a going concern basis given the cash balances as at 31 December 2018, and funding facilities in place across the Group, which it does not envisage will be withdrawn thus there are sufficient funds available to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of the financial statements. The financial statements have therefore been prepared on a going concern basis.

The directors believe that based on the current budgets and forecast cash flows, there is sufficient resources to meet its liabilities as they fall due.

Intangible assets

Externally acquired intangible assets, are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

The significant intangibles recognised by the Company, their useful economic lives and the methods used to determine the cost of intangibles are as follows

Licences	–	33% straight line

Property, Plant & Equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Computer Equipment	–	33% straight line
Fixture & Fittings	–	33% straight line

Fixed assets are stated at cost less depreciation and provision for impairment.

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 balance sheet date.

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.

Investments

Fixed Asset investments in Group Companies are stated at cost less provisions for diminution in value. Where the carrying value of a fixed asset investment exceeds its value in use, the asset is written down accordingly and an impairment loss is charged to the Profit and Loss.

When merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Foreign currencies

The financial statements of the Company are presented in its reporting currency of Sterling. The functional currency of the Company is the UK Sterling.

Transactions in foreign currencies during the period have been converted at the rates of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated at the rates of exchange ruling on the balance sheet date. Exchange differences are taken into account in arriving at the operating result.

1. ACCOUNTING POLICIES (CONTINUED)

Other financial assets

Classification

Applicable from 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the contractual terms of the cash flows.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Fair Value through Other Comprehensive Income (FVOCI) : Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of profit or loss.

Impairment

From 1 January 2018, the Company assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Trade, Intercompany and other receivables

The Company assesses on a forward-looking basis the expected credit losses associated with its receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by IFRS 9, resulting in trade receivables recognised and carried at original invoice amount less an allowance for any uncollectible amounts based on expected credit losses.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with original Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1. ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

The Company classifies its financial liabilities into two categories:

Other financial liabilities

The Company's other financial liabilities include trade and other payables and accruals. Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Fair value through profit and loss

This category only comprises of the element of deferred consideration on business combinations, which is contingent on the performance of the acquired businesses. The expected consideration payable is assessed at each balance sheet date with the movement in the expected liability being recorded in the income statement.

Share-based Payments

The Company Operates equity-settled share-based options plans. The fair value of the employee services received in exchange for the participation in the plan is recognised as an expense in the profit and loss account. The corresponding credit has been recognised in the profit and loss account reserve.

The fair value of the employee is based on the fair value of the equity instrument granted. This expense is spread over the vesting period of the instrument.

1.1 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Impairment of Fixed Asset Investments

Impairment tests on investments are undertaken annually in November as part of the Company's budgeting process, except in the year of acquisition when they are tested at the year-end.

In preparing these financial statements, the key estimates relate to:

- The determination of the carrying value of the Company's investments in its subsidiary undertakings. The Company determines whether the investment is impaired. During the year, the directors have recognised an impairment provision in the year amounting to £2,333,000 with respect to the Company's investment in Benfleet Forwarding Limited which has been determined by reference to the recoverable value calculated in determining the impairment of goodwill relating to the Benfleet CGU in the group financial statements. Please see note 5 to the Company Accounts.

Deferred Contingent Consideration

The Company believes that any deferred consideration payable to sellers who continue to be employed is not part of their remuneration package and forms part of the cost of investment. Amounts payable are irrespective of continued employment with the acquired Company. The classification is further determined based on a number of factors including the breakdown of the acquisition consideration and the level of remuneration payable to selling shareholder. The Company has deferred consideration of £3,482,000 (2017 - £3,180,000), part of which is due both within or more than one year.

2. STAFF COSTS

Compensation consists of 2 executive Directors, 3 non-executive Directors and 6 other employees.

	2018 £'000	2017 £'000
Employee benefit expenses (including directors) comprise:		
Salaries	1,211	165
Short-term non-monetary benefits	18	1
Share Based Payments	27	19
Social security contributions and similar taxes	201	17
	1,457	**202**

3. INTANGIBLE ASSETS

COST

	Licences £'000
At 1 January 2018	–
Additions	4
At 31 December 2018	**4**

AMORTISATION

	Licences £'000
At 1 January 2018 & 31st December 2018	–

NET BOOK VALUE

At 31 December 2017 & 31 December 2018	4

4. PROPERTY, PLANT & EQUIPMENT

	Fixture & Fittings £'000	Computer Equipment £'000	Total £'000
COST			
At 1 January 2018	**–**	**3**	**3**
Additions	15	21	36
Disposals	–	(1)	(1)
At 31 December 2018	**15**	**23**	**38**
DEPRECIATION			
At 1 January 2018	**–**	**–**	**–**
Charge for the year	1	4	5
Disposals	–	(1)	(1)
At 31 December 2018	1	3	4
NET BOOK VALUE			
At 31 December 2018	**14**	**20**	**34**
At 1 January 2018	–	3	3

5. FIXED ASSET INVESTMENTS

	Subsidiary Undertakings £'000s
At 1 January 2018	38,562
Additions During the Year	19,497
Impairments	(2,333)
At 31 December 2018	**55,726**

Impairment

The carrying amount of the investment has been reduced to its recoverable value amount through recognition of an impairment loss. An impairment of £2,333,000 (2017 - £nil) has been recognised against the cost of investments. The recoverable value has been calculated using a value in use calculation based on the estimates set out in note 13 of the Group Financial Statements.

Sensitivity to changes in key assumptions

Impairment testing is dependent on managements estimates and judgements, particularly as they relate to the forecasting of future cashflows, the discount rates selected and expected long-term growth rates.

The Group has conducted sensitivity analysis on the impairment test of each of the CGU's classified within Continuing Operations. There is significant headroom on the carrying value of each CGU except for Benfleet Forwarding Limited (Benfleet).

Given the headroom in the other CGU's, it would require a significant change in assumptions to an impairment charge and the level of change is considered unlikely. The Investment in Benfleet Forwarding Limited has a carrying value of £4,952,000 and based on the following assumptions, the effect of a reasonably possible change in the assumptions is disclosed in the table below:

Benfleet	**Plan scenario**	**Change**	**Impact on Impairment £'000**	
Long term growth	4.73%	+/- 1%	499	(414)
Post tax discount rate	16.2%	+/- 1%	275	(230)
Average operating margin	2.73%	+/- 1%	878	(1,644)*

*Post recognition of the impairment charge.

6. TRADE AND OTHER RECEIVABLES

	2018 £'000	2017 £'000
Current:		
Trade Debtors	58	55
Amounts owed from Group Undertakings	1,335	144
Prepayments	116	22
Other Debtors	1,077	67
Total Trade and other receivables	**2,586**	**288**
Non Current		
Trade and other receivables	**1,290**	**111**

7. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Current:		
Trade Creditors	146	135
Amounts owed to Group Undertakings	10,766	4,297
Other Taxes and Social Security	45	18
Accruals and Deferred Income	343	102
Deferred Consideration	1,393	1,677
Other Creditor	–	14
Total Trade and other payables	**12,693**	**6,243**

The deferred consideration of £1,393,000 (2017 - £1,677,000) due within one year relates to the deferred consideration on the acquisitions of Easy Managed Transport Limited, Regional Express Limited, and Anglia Forwarding Group Limited. Of this balance, £563,000 (2017 - £945,000) is contingent on performance related criteria.

8. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	2017 £'000
Deferred Consideration	2,089	1,503

The deferred consideration of £2,089,000 (2017 - £1,503,000) due in more than one year relates to the deferred consideration on the acquisitions of Anglia Forwarding Group Limited and Import Services Limited. Of this balance, £2,089,000 (2017 - £789,000) is contingent on performance related criteria.

9. SHARE CAPITAL

See Consolidated accounts note 25 for share capital section.

10. RESERVES

Retained earnings: All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Merger Reserves: represents the difference between the net asset value of Delamode Group Holdings Limited and the nominal value of the shares issued by Xpediator Plc in consideration for the acquisition of Delamode Group Holdings Limited. In addition, the premium on the fair value in excess of the nominal value of shares issued in consideration for business combinations is credited to the merger reserve.

Share premium is the amount subscribed for share capital in excess of nominal value.

Equity reserve represents the cost of the share options granted that have not yet been exercised.

11. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the disclosure of related party transactions with wholly owned fellow Group Companies. Related party transactions with key management personnel (including Directors) are shown in note 29 of the consolidated financial statements.

12. SHARED-BASED PAYMENTS

Share-based payments arrangements for employees are set out in the Directors Report (Remuneration note). Details of the share options in existence are shown in note 27 of the Consolidated Financial Statements.

NOTES

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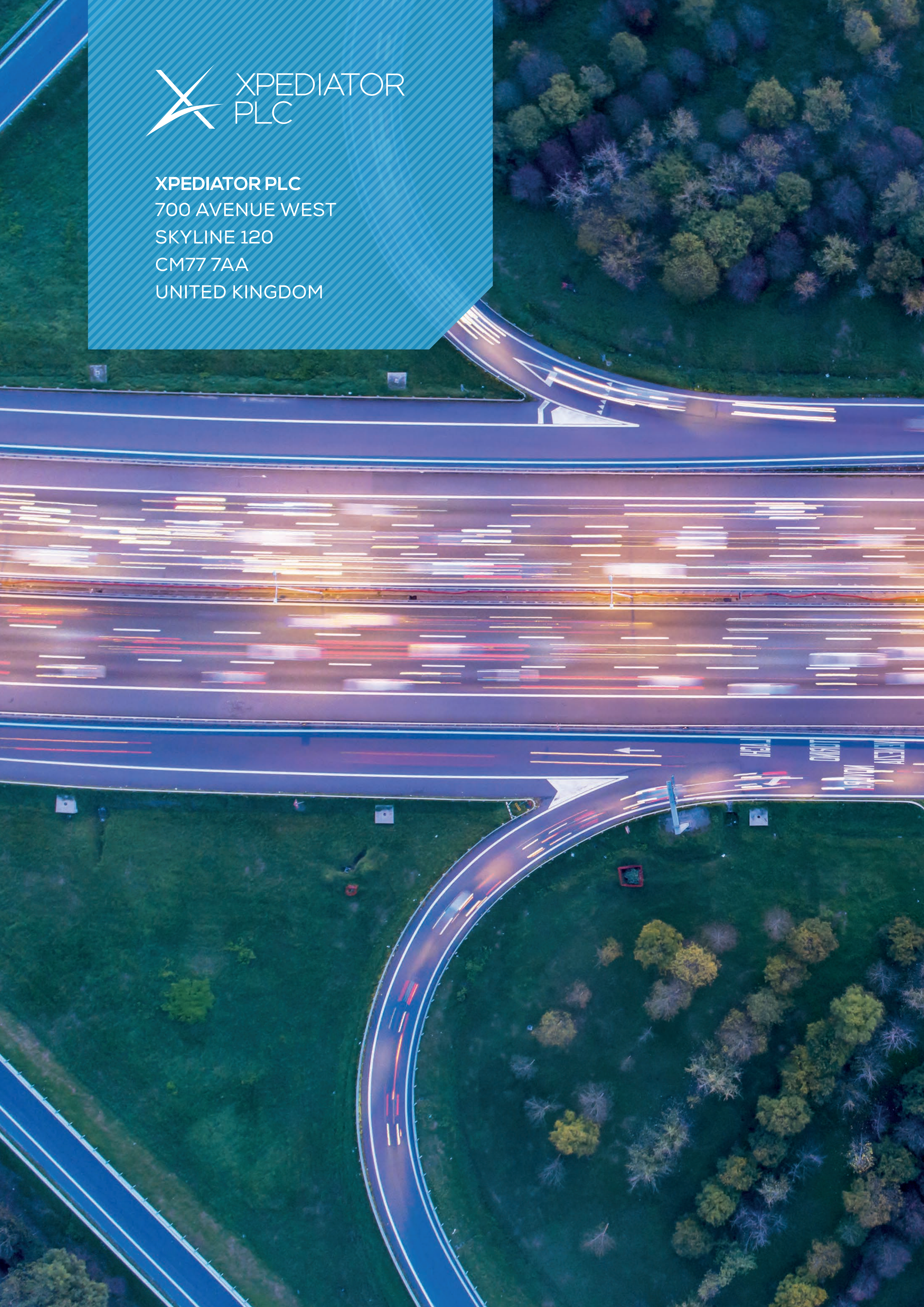

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