Company Registration No. 05134454 (England and Wales)

PARKINGEYE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

PARKINGEYE LIMITED

COMPANY INFORMATION

Directors	S J S Mayall on behalf of Capita Corporate Director Limited P N Boynes R Taj A M Moffatt
Secretary	Capita Group Secretary Limited
Company number	05134454
Registered office	40 Eaton Avenue Buckshaw Village Chorley Lancashire PR7 7NA
Auditor	KPMG LLP 15 Canada Square London E14 5GL

PARKINGEYE LIMITED

CONTENTS

PARKINGEYE LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present the Strategic Report and the Financial Statements for the year ended 31 December 2017.

Review of the business
ParkingEye Limited ("the Company") is a wholly owned subsidiary (indirectly held) of Capita plc. Capita plc along with its subsidiaries are hereafter referred to as "the Group". The Company operates within the Group's Specialist Services Division (formerly Professional Services Division).

The principal activity of the Company continued to be that of the managing car parks on behalf of land owners. There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The Company has adopted IFRS 15 from 1 January 2017 using the full retrospective method, thereby restating the 2016 comparatives, in line with Group's strategy of simplifying the business and improving transparency.

As shown in the Company's income statement in page 7, revenue has increased by 23% from £31,137,059 (restated) to £38,214,880 due to increase in the number of operational car parks and operating profit increased by 49% from £6,580,921 (restated) to £9,815,161 due to increase in revenue and efficiency savings delivered throughout 2017 as compared to 2016.

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year end. Net assets have increased by 149% from £5,392,995 (restated) to £13,429,262 due to increase in trade and other receivables. Details of amounts owed by/to its parent Company and fellow subsidiary undertakings are shown in notes 9 and 11 to the financial statements.

Key performance indicators used by Capita plc are operating margins, free cash flow, capital expenditure and return on capital employed. Capita plc and its subsidiaries manage their operations on a divisional basis and as a consequence, some of these indicators are monitored only at a divisional level. The performance of the Specialist Services Division (formerly Professional Services Division) of Capita plc is discussed in the Group's annual report which does not form part of this report.

Principal risks and uncertainties
The Company is subject to various risks and uncertainties during the ordinary course of its business many of which result from factors outside of its control. The Company's risk management framework provides reasonable (but cannot provide absolute) assurance that significant risks are identified and addressed. An active risk management process identifies, assesses, mitigates and reports on strategic, financial, operational and compliance risk.

The principal themes of risk for the Company are:

- *Strategic*: changes in economic and market conditions such as contract pricing and competition.
- *Financial*: significant failures in internal systems of control and lack of corporate stability.
- *Operational:* including recruitment and retention of staff, maintenance of reputation and strong supplier and customer relationships, operational IT risk, and failures in information security controls.

To mitigate the effect of these risks and uncertainties, the Company adopts a number of systems and procedures, including:

- Regularly reviewing trading conditions to be able to respond quickly to changes in market conditions.
- Applying procedures and controls to manage compliance, financial and operational risks, including adhering to a strict internal control framework.

Capita plc, has also implemented appropriate controls and risk governance techniques across all of its businesses which are discussed in the Group's annual report which does not form part of this report.

On behalf of the board

S J S Mayall on behalf of Capita Corporate Director Limited

Director

6 July 2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their Directors' Report and the Financial Statements for the year ended 31 December 2017.

Results and dividends
The results for the year are set out on page 7.

The Directors do not recommended payment of a dividend in the year. No dividend has therefore been declared or paid (2016: £12,000,000).

Directors
The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

S J S Mayall on behalf of Capita Corporate Director Limited	
P N Boynes	(Appointed 1 January 2017)
R Taj	(Appointed 14 July 2017)
A M Moffat	(Appointed 15 September 2017)
N J McCallum	(Resigned 15 September 2017)
P Dawson	(Resigned 1 January 2017)
S P Griffin	(Appointed 1 January 2017, Resigned 30 June 2017)
J J Hemming	(Resigned 1 January 2017)

Political donations
The Company made no political donations or incurred any political expenditure during the year (2016: £nil).

Disabled persons
Application for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of the other employees.

Employee involvement
The Company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

Auditor
KPMG LLP, having indicated its willingness to continue in office, will be deemed to be reappointed as auditor under section 487(2) of the Companies Act 2006.

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the Company's auditor is unaware. Having made enquiries of fellow Directors and the Company's auditor, each Director has taken all the steps that he might reasonably be expected to take as a Director in order to make himself/herself aware of any relevant audit information, and to establish that the Company's auditor is aware of that information

Qualifying third party indemnity provisions

The Company has granted an indemnity to the Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

On behalf of the board

S J S Mayall on behalf of Capita Corporate Director Limited

Director

6 July 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PARKINGEYE LIMITED

Opinion

We have audited the financial statements of ParkingEye Limited ("the company") for the year ended 31 December 2017 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework;* and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PARKINGEYE LIMITED

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

KM Dunn

Kelly Dunn (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

6 July, 2018

PARKINGEYE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	Restated 2016 £
Revenue	3	38,214,880	31,137,059
Cost of sales		(17,226,918)	(14,605,462)
Gross profit		**20,987,962**	**16,531,597**
Administrative expenses		(11,172,801)	(9,950,676)
Operating profit before tax	4	**9,815,161**	**6,580,921**
Income tax expense	5	(1,778,894)	(1,395,751)
Total comprehensive income for the year		**8,036,267**	**5,185,170**

The income statement has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the income statement.

The notes on pages 10 to 24 form an integral part of these financial statements.

PARKINGEYE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	Restated 2016 £
Non-current assets			
Property, plant and equipment	7	5,117,846	2,343,242
Intangible assets	8	144,273	19,569
Deferred tax	5	510,882	969,563
		5,773,001	**3,332,374**
Current assets			
Trade and other receivables	9	25,305,772	13,847,247
Cash	10	1,764,165	1,905,373
		27,069,937	**15,752,620**
Total assets		**32,842,938**	**19,084,994**
Current liabilities			
Trade and other payables	11	17,581,556	11,564,188
Financial liabilities	12	-	14,782
Income tax payable		1,759,240	2,040,149
		19,340,796	**13,619,119**
Non-current liabilities			
Provisions	13	72,880	72,880
		72,880	**72,880**
Total liabilities		**19,413,676**	**13,691,999**
Net assets		**13,429,262**	**5,392,995**
Capital and reserves			
Issued share capital	14	6,535	6,535
Share premium		743,186	743,186
Capital redemption reserve		336,892	336,892
Retained earnings		12,342,649	4,306,382
Total equity		**13,429,262**	**5,392,995**

The notes on pages 10 to 24 form an integral part of these financial statements.

Approved by the board and authorised for issue on 6 July 2018.

S J S Mayall on behalf of Capita Corporate Director Limited
Director

Company Registration No.05134454

PARKINGEYE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium	Retained earnings	Capital redemption reserve	Total equity
	£	£	£	£	£
At 1 January 2016	**6,535**	**743,186**	**12,581,155**	**336,892**	**13,667,768**
Impact of change in accounting standards IFRS	-	-	(1,459,943)	-	(1,459,943)
At 1 January 2016 - restated	**6,535**	**743,186**	**11,121,212**	**336,892**	**12,207,825**
Total comprehensive income for the year	-	-	5,185,170	-	5,185,170
Contribution in respect of share based payments	-	-	56,876	-	56,876
Equity dividends paid	-	-	(12,000,000)	-	(12,000,000)
Settlement of share based payment charged by intercompany	-	-	(56,876)	-	(56,876)
At 31 December 2016 - restated	**6,535**	**743,186**	**4,306,382**	**336,892**	**5,392,995**
Total comprehensive income for the year	-	-	8,036,267	-	8,036,267
Contribution in respect of share based payments	-	-	(13,408)	-	(13,408)
Settlement of share based payment charged by intercompany	-	-	13,408	-	13,408
At 31 December 2017	**6,535**	**743,186**	**12,342,649**	**336,892**	**13,429,262**

The notes on pages 10 to 24 form an integral part of these financial statements.

a) Share capital
The balance classified as share capital is the nominal proceeds on issue of the Company's equity share capital, comprising 6,535 ordinary shares.

b) Share premium
The amount paid to the Company by shareholders, in cash or other consideration, over and above the nominal value of shares issued to them.

c) Retained earnings
Net profits kept to accumulate in the company after dividends are paid and retained in the business as working capital.

d) Capital redemption reserve
The Company can redeem shares by repaying the market value to the shareholder, whereupon the shares are cancelled. Redemption must be from distributable profits. The capital redemption reserve represents the nominal value of the shares redeemed.

1 Accounting policies

1.1 Basis of preparation

ParkingEye Limited is a Company incorporated and domiciled in the UK.

The financial statements are prepared under the historical cost basis except where stated otherwise and in accordance with applicable accounting standards.

The Company has sufficient financial resources together with long standing relationships with clients and suppliers. As a consequence, the Directors believe that the Company is well placed to manage business risks successfully. After making enquiries, the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.2 Compliance with accounting standards

The Company has applied FRS101 – Reduced Disclosure Framework in the preparation of its financial statements. The Company has prepared and presented these financial statements by applying the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but made amendments, where necessary, in order to comply with The Companies Act 2006.

From the year ended 31 December 2017, the Company has elected to present its financial statements under IAS 1 format to be in line with the consolidated financial statements published by the Group. Accordingly, the comparatives for the year ended 31 December 2016 have been reclassified to the revised format. Refer to Note 21 for a reconciliation between IAS 1 presentation and presentation as previously reported.

The Company's ultimate parent undertaking, Capita plc, includes the Company in its consolidated statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU (EU-IFRS) and are available to the public and may be obtained from Capita plc's website on http://investors.capita.com.

In these financial statements, the Company has applied the disclosure exemptions available under FRS 101 in respect of the following disclosures:
- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, property, plant and equipment and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of key management personnel.

1 Accounting policies (continued)

1.2 Compliance with accounting standard (continued)

As the consolidated financial statements of Capita plc include equivalent disclosures, the Company has also taken the disclosure exemptions under FRS 101 available in respect of the following disclosures:
- Certain disclosures required by IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairments of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company, in the current and prior periods including the comparative period reconciliation for goodwill; and
- Disclosures required by IFRS 7 Financial Instrument Disclosures.

1.3 Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the early adoption of IFRS 15 Revenue from Contracts with Customers and Clarifications: Revenue from Contracts with Customers. In addition, the Company has adopted the new amendment to IAS 12 on Recognition of Deferred Tax Assets for Unrealised Losses.

Initial adoption of IFRS 15 Revenue from contracts with customers

The standard has an effective date of 1 January 2018 but the Company has decided to early adopt this standard with a date of initial application to the Company of 1 January 2017 using the full retrospective method. IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards such as IAS 17 Leases.

The standard outlines the principles entities must apply to measure and recognise revenue with the core principle being that entities should recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to a customer.

The principles in IFRS 15 must be applied using the following 5 step model:
- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when or as the entity satisfies its performance obligations

The standard requires entities to exercise considerable judgement taking into account all the relevant facts and circumstances when applying each step of this model to its contracts with customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract, as well as requirements covering matters such as licences of intellectual property, warranties, principal versus agent assessment and options to acquire additional goods or services.

1 Accounting policies (continued)

1.3 Change in accounting policies (continued)

The Company has applied IFRS 15 fully retrospectively in accordance with paragraph C3 (a) of the standard, restating the prior period's comparatives and electing to use the following expedients:
• in respect of completed contracts, the Company will not restate contracts that
(i) begin and end within the same annual reporting period; or
(ii) are completed contracts at the beginning of the earliest period presented (para. C5(a));
• in respect of completed contracts that have variable consideration, the Company will use the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative periods (para. C5(b)); and
• for all reporting periods presented before the date of initial application, the Company will not disclose the amount of the transaction price allocated to the remaining performance obligations or an explanation of when the Company expects to recognise that amount as revenue (para C5(c)).
Details of the change in the Company's accounting policy in respect of revenue recognition, related matters consequent upon the early adoption of IFRS 15 and an explanation of the impact on the Company's prior period financial statements are set out in note 21.

1.4 Revenue

Turnover comprises of revenue (excluding value added tax) recognised by the company in respect of payments for Parking Charge Notices (PCNs). Revenue has been recognised on a cash receipt basis. The PCNs are issued to motorists if they breach the terms and conditions set out in the signage period. The PCN revenue is retained by ParkingEye in return for a free car park management service provided to its clients. There is also an element of paid parking revenue where ParkingEye provide and maintain paid parking machines on the clients' behalf in return for a percentage of the paid parking takings.

1.5 Intangibles

Intangibles are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life, which is typically 5 years.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	5 years
Fixtures, fittings & equipment	3 years
Computer equipment	3-5 years

1.7 Leasing

Rentals payable under operating leases are charged against income on straight line basis over the lease term.

1 Accounting policies (continued)

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short- term liquid investments with original maturities of three months or less. Bank overdrafts are shown within current liabilities.

1.9 Pension

The Company maintains a number of defined contribution schemes and contributions are charged to the Income statement in the year in which they are due. These schemes are funded and the payment of contributions is made to separately administered trust funds. The assets of these schemes are held separately from the Company. The Company remits monthly pension contributions to Capita Business Services Limited, a fellow subsidiary undertaking, which pays the group liability centrally. Any unpaid contributions at the year-end have been accrued in the accounts of that Company.

1.10 Taxation

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

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

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:
- except where the deferred tax liability arises from the initial recognition of goodwill;
- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised, except where the deferred income tax asset relating to deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

1 Accounting policies (continued)

1.10 Taxation (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

1.11 Share-based payments

The Company participates in various share option and share save schemes operated by Capita plc, the ultimate parent undertaking. Details of these schemes are contained in the group's annual report.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an option pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense, attributable to the Company, since the previous balance sheet date is recognised in the Income statement account and settled with Capita plc, the ultimate parent undertaking.

In accordance with IFRS 2, share option awards of the ultimate parent Company's equity instruments in respect of settling grants to employees of the Company are disclosed as a charge to the Income statement account and a credit to equity. The Company's policy is to reimburse its ultimate parent Company through the inter Company account for charges that are made to it. Hence the credit to equity has been eliminated, rather reflecting a credit to inter-Company which better describes the underlying nature of the transaction.

1 Accounting policies (continued)

1.12 Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Trade and other receivables - trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

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

1.13 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and its is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate the reflects risk specific to the liability.

2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the Directors to make judgements and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported income and expense during the reported periods. Although these judgements and assumptions are based on the Directors' best knowledge of the amount, events or actions, actual results may differ.

3 Revenue

The total revenue of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating profit

	2017	2016
	£	£
Operating profit/loss for the year is stated after charging:		
Depreciation of property, plant and equipment	876,876	860,962
Loss on disposal of property, plant and equipment	-	120
Amortisation of intangible assets	39,592	16,774
Operating lease rentals-plant and machinery*	2,892,387	1,670,979
Operating lease rentals-land and buildings	342,857	134,438

Audit fees are borne by the ultimate parent undertaking, Capita plc. The audit fee for the current period was £8,400 (2016: £8,000). The company has taken advantage of the exemption provided by regulations 6(2)(b) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008 not to provide information in respect of fees for other (non-audit) services as this information is required to be given in the company accounts of the ultimate parent undertaking, which it is required to prepare in accordance with the Companies Act 2006.

*The company does not hold title to the lease on all of the plant and machinery assets. Rather the company is recharged these costs by the leaseholder, Capita Business Services Limited. Therefore, as per Note 15 the entity shows lesser annual commitments for their 'other' operating leases.

5 Income tax

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	2017	Restated 2016
	£	£
Current income tax		
Current income tax charge	1,420,561	1,606,122
Adjustment in respect of prior years	(100,348)	3,099
	1,320,213	**1,609,221**
Deferred income tax		
Origination and reversal of temporary differences	454,238	(248,122)
Adjustment in respect of prior years	4,443	34,652
	458,681	**(213,470)**
Total tax expense	**1,778,894**	**1,395,751**

The reconciliation between tax expense/ (credit) and the product of accounting profit multiplied by the UK corporation tax rate for the years ended 31 December 2017 and 31 December 2016 are as follows:

	2017	Restated 2016
	£	£
Profit before tax	**9,815,161**	**6,580,921**
Notional charge/ (credit) at UK corporation tax rate of 19.25% (2016: 20%)	1,889,418	1,316,184
Adjustments in respect of current income tax of prior years	(100,348)	3,099
Adjustments in respect of deferred tax of prior years	4,443	34,652
Non-deductible expenses	7,205	(9,335)
Effect of change in UK corporation tax rate	(21,824)	51,151
Total tax adjustments	**(110,524)**	**79,567**
Total tax expense reported in the income statement At the effective tax rate of 18.12% (2016:21.21%)	**1,778,894**	**1,395,751**

	Balance sheet	Balance sheet Restated	Income statement	Income statement Restated
	2017	**2016**	**2017**	**2016**
Deferred tax assets				
Accelerated capital allowances	510,882	360,803	(150,079)	74,815
Deferred income	-	608,760	608,760	(288,285)
Net deferred tax asset	**510,882**	**969,563**		
Deferred tax expense/ (credit)			**458,681**	**(213,470)**

Deferred income tax credit/ (expense)		
Income statement	458,681	(213,470)
	458,681	**(213,470)**

5 Income tax (Continued)

Impact of adoption of IFRS 15 on income tax balances
Due to the changes in assets, liabilities, income and expenses recognized as a result of the application of IFRS 15, there are consequent IAS 12 Income taxes differences that arise, and are reflected in the restated 31 December 2016 balances as discussed below. Due to the changes in the pattern and timing of revenue recognition under IFRS 15, an accrued income liability was recognized on the balance sheet during the year to 31 January 2016 , which will be recognized through the income statement in subsequent periods. The impact of these revenue recognition changes is only recognized for tax purposes via a one-off transitional tax adjustment on 1 January 2017, so no tax deduction was available in 2016 for the reduction in historic revenue recognized.
Under the principles of IAS 12, the restated balance sheet for 31 December 2016 reflects a net movement of £608,760 arising from an increase in deferred tax assets as a result of the transition to IFRS 15.

Deferred tax
The UK corporation tax rate decreased from 20% to 19% on 1 April 2017 and will decrease further to 17% from 1 April 2020. The deferred tax balances have been adjusted to reflect this change.

6 Dividend

	2017 £	2016 £
Declared and paid during the year		
Ordinary shares (equity):		
Dividend 2017 : nil (2016 :£1,836.27 per share)	-	12,000,000
Total dividends paid to the shareholders	-	**12,000,000**

7 Property, plant and equipment

	Leasehold improvements	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2017	**68,776**	**2,093,584**	**5,399,039**	**7,561,399**
Additions	-	3,433,148	218,334	3,651,482
Disposals	-	(33,227)	(556,864)	(590,091)
Reclassification	-	14,000	(14,000)	-
At 31 December 2017	**68,776**	**5,507,505**	**5,046,509**	**10,622,790**
Depreciation and impairment				
At 1 January 2017	**27,604**	**444,750**	**4,745,803**	**5,218,157**
Disposals	-	(33,226)	(556,863)	(590,089)
Depreciation	19,645	401,473	455,758	876,876
At 31 December 2017	**47,249**	**812,997**	**4,644,698**	**5,504,944**
Net book value				
At 31 December 2016	41,172	1,648,834	653,236	2,343,242
At 31 December 2017	21,527	4,694,508	401,811	5,117,846

8 Intangible assets

	Purchased software
	£
Cost	
At 1 January 2017	50,322
Additions	164,296
At 31 December 2017	**214,618**
Amortisation and impairment	
At 1 January 2017	30,753
Amortisation	39,592
At 31 December 2017	**70,345**
Net book value	
At 31 December 2016	19,569
At 31 December 2017	144,273

9 Trade and other receivables

Current	2017 £	Restated 2016 £
Trade receivables	805,533	706,158
Other receivables	85,056	94,219
Accrued income	-	10,000
Prepayments	109,800	538,176
Amount due from parent and fellow subsidiary undertaking	24,305,383	12,498,694
	25,305,772	**13,847,247**

10 Cash

	2017 £	2016 £
Cash at bank and in hand	1,764,165	1,905,373
	1,764,165	**1,905,373**

11 Trade and other payables

Current	2017 £	Restated 2016 £
Trade payables	5,631,176	4,342,224
Other payables	2,764	-
Other taxes and social security	1,526,787	936,124
Accruals	460,481	544,323
Amount due to parent and fellow subsidiary undertaking	9,960,348	5,741,517
	17,581,556	**11,564,188**

12 Financial liabilities

Current	2017 £	Restated 2016 £
Overdrafts	-	14,782
	-	**14,782**

13 Provisions	Property provision £
As at 1 January 2017	72,880
As at 31 December 2017	**72,880**

The company is required to perform repairs on leased properties prior to the properties being vacated at the end of their lease term. Dilapidations provisions for such costs are where a legal obligation is identified and the liability can be reasonably quantified. In this case it is likely the provision will be utilised in the next five years.

14 Issued share capital

	2017 Number	2016 Number	2017 £	2016 £
Allotted, called up and fully paid				
Ordinary shares of £1 each				
At 1 January	6,535	6,535	6,535	6,535
At 31 December	6,535	6,535	6,535	6,535

15 Operating lease commitments

At the reporting date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows :

	Land and buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Within one year	180,000	133,280	171,823	206,681
Between two and five years	638,333	69,413	264,073	511,803
Total	**818,333**	**202,693**	**435,896**	**718,484**

16 Employee benefits

The company operates defined contribution pension schemes. Contributions in respect of defined contribution schemes payable by the company during the year amounted to £235,389 (£281,042).

17 Employees

The average monthly number of employees (including non-executive directors) were:

	2017 Number	2016 Number
Administration	10	10
Management	8	8
Operations	312	302
	330	**320**

Their aggregate remuneration comprised:

Employment costs	2017 £	2016 £
Wages and salaries	6,410,568	7,404,153
Social security costs	521,482	613,178
Pension costs	235,389	281,042
Share based payments	13,408	(56,876)
	7,180,847	**8,241,497**

18 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	365,652	189,175
Company pension contributions to defined contribution schemes	18,512	20,350
	384,164	**209,525**

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016:1).The number of directors who exercised share options during the year was nil (2016:4)

	2017 £	2016 £
Remuneration disclosed above include the following amounts paid to the highest paid director		
Remuneration for qualifying services	236,570	189,175
Company pension contributions to defined contribution schemes	17,930	20,350
	254,500	**209,525**

The above current year emoluments were in respect of three directors. Other directors have not provided qualifying services to the Company and are paid by other companies within the Capita Group. Such remuneration has not been allocated to the Company.In addition to the above, the directors of the Company were reimbursed for the expenses incurred by them whilst performing business responsibilities.

19 Controlling party

The company's immediate parent undertaking is Capita Business Services Limited, a company incorporated in England and Wales.The company's ultimate parent undertaking is Capita plc, a company incorporated in England and Wales. The accounts of Capita plc are available from the registered office at 30 Berners Street, London, United Kingdom, W1T 3LR.

20 Post balance sheet events

On 14th June 2018, ParkingEye acquired certain items of Property Plant and Equipment from Capita Business Services Limited, another entity within the Capita Group, for a total consideration of £6,831,757 (plus VAT to the extent applicable) held as intercompany payable. The acquisition was a re-purchase of assets held under a Group sale and operating leaseback arrangement, with the assets utilised by ParkingEye in their ongoing business operations.

21 Reconciliation for 2016

The following is the reconciliation between presentation as per IAS 1 and as previously reported for the comparative period of 2016:

Income statement restatement for the year ended 31 December 2016

Schedule I (FRS 101)	Footnotes	2016 £	Reclass from FRS to IAS	IAS 1	Footnotes	2016 £	Impact of IFRS 15	Restated 2016
Turnover		**32,738,645**	-	Revenue	B	32,738,645	(1,601,586)	31,137,059
Cost of sales		(14,605,462)	-	Cost of sales	B	(14,605,462)	-	(14,605,462)
Gross profit		**18,133,183**	-	**Gross profit**		**18,133,183**	**(1,601,586)**	**16,531,597**
Administrative expenses	A	(9,950,743)	67	Administrative expenses	A	(9,950,676)	-	(9,950,676)
Other operating income	A	67	(67)					
Operating profit		**8,182,507**	-	**Operating profit before tax**		**8,182,507**	(1,601,586)	**6,580,921**
Tax on profit on ordinary activities		(1,684,036)	-	Income tax expense		(1,684,036)	288,285	(1,395,751)
Profit and comprehensive income for the financial year		**6,498,471**	-	**Total comprehensive income for the year**		**6,498,471**	**(1,313,301)**	**5,185,170**

Note A: As per IAS 1, "Other operating income" is now included within "Administrative expenses" on the face of the Income Statement.
Note B: Parkingeye employed a revenue recognition policy at the end of each financial year by estimating the remaining revenue to be receipted in the following period for PCNs issued within the last 6 months of the year in question. However since the implementation of IFRS15, a PCN has been deemed as not meeting the definition of a contract, and therefore the revenue recognition policy has ceased in 2017. There has been a reinstatement to the 2016 Statutory accounts to strip the Revenue recognition element back out of the total turnover to allow for a fair comparison of year on year growth. There has also been an adjustment to the accruals balance as a small cost accrual associated with collection of the forecasted PCNS was made in line with the revenue adjustment.

PARKINGEYE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

21 Reconciliation for 2016

Balance sheet restatement for the year ended 31 December 2016

Schedule I (FRS 101)	Footnotes	2016 £	Reclass from FRS to IAS	IAS 1	Footnotes	2016 £	Impact of IFRS 15 £	Restated 2016 £
Fixed assets				**Non-current assets**				
Tangible fixed assets		2,343,242	-	Property, plant and equipment		2,343,242	-	2,343,242
Intangible fixed assets		19,569	-	Intangible assets		19,569	-	19,569
			360,803	Deferred tax	A	360,803	608,760	969,563
		2,362,811	360,803			2,723,614	608,760	3,332,374
Current assets				**Current assets**				
Debtors	A	17,859,214	(360,803)	Trade and other receivables	A,D	17,498,411	(3,651,164)	13,847,247
Cash at bank and in hand		1,905,373	-	Cash		1,905,373	-	1,905,373
		19,764,587	(360,803)			19,403,784	(3,651,164)	15,752,620
Total assets		22,127,398	-	**Total assets**		22,127,398	(3,042,404)	19,084,994
				Current liabilities				
Creditors: amounts falling due within one year	B	(13,888,279)	2,054,931	Trade and other payables	B,D	11,833,348	(269,160)	11,564,188
			(14,782)	Financial liabilities	B	14,782	-	14,782
			(2,040,149)	Income tax payable	B	2,040,149	-	2,040,149
		(13,888,279)	-			13,888,279	(269,160)	13,619,119
Net current assets		5,876,308	-					
Total assets less current liabilities		8,239,119	-					
			-	**Non-current liabilities**				
Provisions for liabilities		(72,880)	-	Provisions		72,880	-	72,880
		(72,880)	-			72,880	-	72,880
			-	**Total liabilities**		13,961,159	(269,160)	13,691,999
		8,166,239	-	Net assets		8,166,238	(2,773,243)	5,392,995
Capital and reserves				**Capital and reserves**				
Called up share capital		6,535	-	Issued share capital		6,535	-	6,535
Share premium account		743,186	-	Share premium		743,186	-	743,186
Other reserves	C	336,892	-	Capital redemption reserve	C	336,892	-	336,892
Profit and loss account		7,079,626	-	Retained earnings	D	7,079,626	(2,773,244)	4,306,382
Shareholders' funds		8,166,239	-	**Total equity**		8,166,239	(2,773,244)	5,392,995

Note A : The Deferred tax asset which was earlier classified under the head " Debtors" is now shown separately on the face of Balance Sheet.

Note B : "Creditors: amounts falling due within one year" included Trade creditors, Amounts due to parent and fellow subsidiary undertakings, Other taxes and social security and Accruals. These are now shown under the header "Trade and other payables" on the face of the Balance Sheet. Corporation Tax and overdrafts are shown separately as "Income tax payable" and "Financial Liabilities" respectively.

Note C : As per IAS 1, "Other reserves" are now shown under the header "Capital redemption reserve" on the face of the Balance Sheet.

Note D: Parkingeye employed a revenue recognition policy at the end of each financial year by estimating the remaining revenue to be receipted in the following period for PCNs issued within the last 6 months of the year in question. However since the implementation of IFRS15, a PCN has been deemed as not meeting the definition of a contract, and therefore the revenue recognition policy has ceased in 2017. There has been a reinstatement to the 2016 Statutory accounts to strip the Revenue recognition element back out of the total turnover to allow for a fair comparison of year on year growth. There has also been an adjustment to the accruals balance as a small cost accrual associated with collection of the forecasted PCNS was made in line with the revenue adjustment.