ParkingEye Limited

Registered number 05134454

# ParkingEye Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

**ParkingEye Limited**

**Contents**

ParkingEye Limited

## COMPANY INFORMATION

**Directors**
Philip Boynes
Raja Taj
Sian Wicks

**Secretary**
Raja Taj
Oakwood Corporate Secretary Limited

**Registered number**
05134454

**Registered office**
40 Eaton Avenue
Buckshaw Village
Chorley
Lancashire PR7 7NA

**Independent auditors**
PricewaterhouseCoopers LLP
No 1 Spinningfields
Hardman Square
Manchester M3 3EB

**Bankers**
Barclays Bank plc
77 Albion Street
Leeds LS1 5LD

**Solicitors**
Slaughter and May
One Bunhill Row
London EC1Y 8YY

## STRATEGIC REPORT
**For the year ended 31 December 2018**

The directors present their strategic report for ParkingEye Limited ("the Company") for the year ended 31 December 2018.

**Principal activities**
The principal activity of the Company is the provision of parking management services on behalf of landowners.

**Business review and KPIs**
The Company was formerly owned by Capita plc. In November 2018, the Company was acquired by Peggy Bidco Limited.

These Financial Statements show the results for the full year and include trading under both old and new owners. The 2017 figures have been restated to reflect an error in the treatment of unpaid parking charge notices (PCNs) as described in note 2.2.

Turnover for the year was £41.7m (2017 as restated: £38.2m), an increase of 9%, due to an increase in the number of car parks under management. Operating profit increased by £3.8m to £13.6m and net assets increased from £16.4m to £22.4m, after payment of a £5.0m dividend to the former owner.

The principal Key Performance Indicators (KPIs) used by management are

| | **2018** | 2017 |
|---|---|---|
| | **£m** | £m |
| Revenue | **41.7** | 38.2 |
| Adjusted EBITDA † | **19.2** | 17.4 |

*†Adjusted EBITDA is defined as operating profit before interest, tax, depreciation and amortisation, before lease payments to group companies, and before exceptional and other non-recurring items. A reconciliation between EBITDA and Operating Profit is shown in note 18.*

**Principal risks and uncertainties**
*Operating environment*
The Company provides parking management services at locations such as supermarkets, retail parks and hotels, with the primary objective of ensuring that parking facilities are freely available for genuine customers. The Company earns most of its revenue from issue of parking charge notices (PCNs) to the small proportion of motorists who breach the site owner's parking conditions.

The Parking (Code of Practice) Bill is currently passing through parliament. The Bill seeks to raise standards across the sector, and as such, the Company welcomes this proposed legislation. Nevertheless, there is a risk that, when finally enacted, the legislation will constrain the Company's ability to earn revenue or will impose additional costs. Through the industry's trade body, the British Parking Association, the Company is consulting on the proposed legislation and is confident that the final Act will not be detrimental to the Company's future strategy.

**STRATEGIC REPORT (continued)**
**For the year ended 31 December 2018**

*Technology*
The Company is heavily dependent on its IT systems. These have been internally developed over many years and have proven to be robust and reliable. Nevertheless, the Company's ability to earn and collect revenue is dependent on the continuing effective operations of these systems . The risks are mitigated by controls and processes to prevent and detect intrusion. These are supported by disaster recovery and business continuity plans.

*Brexit*
The Company operates only in the UK and has limited dependence on workers from or suppliers in other EU member states. The Directors anticipate little direct impact from the UK leaving the European Union.

**Future outlook and post balance sheet events**
The change of ownership gives management the opportunity to accelerate growth and investment plans. The Directors anticipate continuing further growth.

There have been no material post balance sheet events.

This report was approved by the board on 17 May 2019 and signed on its behalf by

Director
20 May 2019

**DIRECTORS' REPORT**
**For the year ended 31 December 2018**

The directors present their annual report and the audited Financial Statements of ParkingEye Limited ("the Company") for the year ended 31 December 2018.

**Results and dividends**
The result for the year was a profit before tax of £13.6m (2017 restated: £9.8m). The Company paid a dividend of £5.0m (2017:nil) in June 2018 to the former owners of the business.

**Directors**
The directors who served during the period and up to the date of signing the financial statements, were:

| | appointed | resigned |
|---|---|---|
| Philip Boynes † | - | - |
| Raja Taj † | - | - |
| Sian Wicks | 08/04/2019 | - |
| Christopher Ashburn | 04/07/2018 | 21/01/2019 |
| Capita Corporate Directors | - | 21/01/2019 |
| Alexandra Moffatt | - | 03/07/2018 |

† Served throughout

The Company holds indemnity insurance for Directors' liability.

**Employees**
The Company seeks to consult and discuss with employees on matters likely to affect their interests.

Applications for employment by disabled persons are fully considered, having regard to the skills and experience of the applicant. In the event of existing employees becoming disabled, every effort is made to ensure the continuation of their employment, with appropriate adjustment to their duties, responsibilities and working conditions. It is the Company's policy that the training and career development of disabled persons should, as far as possible, be no different from other employees.

**Going concern**
The Directors, after reviewing the Company's operating budgets, investment plans and financing arrangements, consider that the Company has sufficient funding available over a period of at least 12 months from the date of approval of this report. Accordingly, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

**Directors' responsibilities statement**
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 company and of the profit or loss of the company for that period.

**DIRECTORS' REPORT (continued)**
**For the year ended 31 December 2018**

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- and 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 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.

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.

*Directors' confirmations*
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Independent auditors**
Following change of ownership, PricewaterhouseCoopers LLP were appointed independent auditors. Pursuant to s487 Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will remain in office.

This report was approved by the Board on 17 May 2019 and signed on its behalf by

Director
20 May 2019

*Independent auditors' report to the members of ParkingEye Limited*

# Report on the audit of the financial statements

## Opinion

In our opinion, ParkingEye Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## *Independent auditors' report to the members of ParkingEye Limited (continued)*

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Responsibilities for the financial statements and the audit

*Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

*Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Kate Finn

Kate Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
20 May 2019

## INCOME STATEMENT
**For the year ended 31 December 2018**

| | Note | 2018 £ 000 | 2017 restated £ 000 |
|---|---|---|---|
| Revenue | 4 | **41,660** | 38,222 |
| Cost of sales | | **(17,150)** | (17,227) |
| **Gross profit** | | **24,510** | 20,995 |
| Administrative expenses | | **(10,920)** | (11,173) |
| **Operating profit** | 5 | **13,590** | 9,822 |
| **Profit before tax** | | **13,590** | 9,822 |
| Income tax charge | 7 | **(2,580)** | (1,781) |
| **Profit for the year** | | **11,010** | 8,041 |
| **Total comprehensive income for the year** | | **11,010** | 8,041 |

There is no comprehensive income for the year other than the result as stated above. Accordingly a separate statement of comprehensive income is not provided.

**Registered number 05134454**
**BALANCE SHEET**
**As at 31 December 2018**

| | Note | 2018<br>£ 000 | 2017<br>£ 000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 8 | **222** | 144 |
| Property plant and equipment | 9 | **18,301** | 5,118 |
| Deferred tax | 13 | **374** | 511 |
| | | **18,897** | 5,773 |
| **Current assets** | | | |
| Trade and other receivables | 10 | **5,964** | 28,964 |
| Cash at bank and in hand | | **7,065** | 1,764 |
| | | **13,029** | 30,728 |
| **Creditors - amounts falling due within one year** | | | |
| Trade and other payables | 11 | **(7,531)** | (17,582) |
| Current tax liability | | **(1,857)** | (2,463) |
| | | **(9,388)** | (20,045) |
| **Net current assets** | | **3,641** | **10,683** |
| **Total assets less current liabilities** | | **22,538** | **16,456** |
| Provisions | 12 | **(145)** | (73) |
| | | **(145)** | (73) |
| **Net assets** | | **22,393** | **16,383** |
| **Equity** | | | |
| Share capital | 14 | **7** | 7 |
| Share premium | | **743** | 743 |
| Capital redemption reserve | | **337** | 337 |
| Retained earnings | | **21,306** | 15,296 |
| **Total shareholders' funds** | | **22,393** | 16,383 |

The financial statements on pages 9 to 26 were approved and authorised for issue by the board on 17 May 2019 and were signed on its behalf by

Director
20 May 2019

## STATEMENT OF CHANGES IN EQUITY
**For the year ended 31 December 2018**

| | Share capital £ 000 | Share premium £ 000 | Capital redemption reserve £ 000 | Retained earnings £ 000 | Total shareholder's funds £ 000 |
|---|---|---|---|---|---|
| At 1 January 2017 (as previously reported) | 7 | 743 | 337 | 4,306 | **5,393** |
| Correction of prior period error (note 17) | - | - | - | 2,949 | **2,949** |
| **At 1 January 2017 (restated)** | 7 | 743 | 337 | 7,255 | **8,342** |
| Total comprehensive income for the year | - | - | - | 8,041 | **8,041** |
| At 31 December 2017 | 7 | 743 | 337 | 15,296 | **16,383** |
| Total comprehensive income for the year | - | - | - | 11,010 | **11,010** |
| Dividend paid (note 14) | - | - | - | (5,000) | **(5,000)** |
| **At 31 December 2018** | **7** | **743** | **337** | **21,306** | **22,393** |

**Share capital** (note 14)
Share capital is the nominal proceeds from issue of equity shares.

**Share premium**
The share premium account represents consideration received on the issue of shares in excess of the nominal value of those shares.

**Capital redemption reserve**
The company can redeem shares by paying 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 shares redeemed.

**Retained earnings**
The retained earnings represent the accumulated profits, losses and distributions of the Company.

## 1 General information

ParkingEye Limited ("the Company") provides parking management services in the UK on behalf of landowners for sites such as supermarkets, retail parks and hospitals.

The Company is a private company, limited by shares. It is incorporated in England and Wales and domiciled in the United Kingdom. The address of its registered office is 40 Eaton Avenue, Buckshaw Village, Chorley, Lancashire, PR7 7NA.

## 2 Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

### 2.2 Correction of prior period error

The Company made a first time adoption of IFRS 15, 'Revenue from Contracts with Customers' in the financial statements for the year ended 31 December 2017. To comply with Generally Accepted Accounting Principles, as set out in IFRS, revenue from parking charge notices should have been recognised at fair value on issue (as discussed in note 2.5), and not on a cash received basis as previously stated. Accordingly the comparative figures presented for 2017 have been restated.

A reconciliation of the comparative figures originally reported for the year to 31 December 2017 to the restated figures is set out in note 17.

The following principal accounting policies have been applied consistently throughout the year:

### 2.3 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 91-99 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, 111 and 134-136 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 paragraph 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, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

### 2.4 Going concern

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 reviewing the Company's budgets and forecasts, the Directors have reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### 2.5 Revenue

Fees from parking charge notices (PCNs) are recognised at fair value on issue, based on the expected average value of receipts, having regard to historic collection rates, refunds made and ageing. These factors are reviewed and updated periodically.

Fees charged to landowners for parking management services are recognised as revenue in the period where the services are performed.

### 2.6 Property plant and equipment

Property plant and equipment are stated at cost less depreciation. Cost includes the original purchase price of the asset, and the costs, including labour, which are directly attributable to bringing the asset to it working condition for intended use. Depreciation is calculated to write off the cost less estimated residual value of each asset over its expected useful life:

| | |
|---|---|
| Leasehold improvements | 5 years |
| Fixtures, fittings and equipment | 3-5 years |
| Computer equipment | 3-5 years |

### 2.7 Intangible assets

Intangible assets represent the costs of acquiring and implementing third party software and are amortised over the expected useful life of 5 years.

Costs of internally developed software, periodic software licenses and other software maintenance costs are expensed as incurred.

### 2.8 Trade and other receivables

Trade debtors principally comprise the fair value of collections from unpaid PCNs net of associated costs of collection. This is determined based on the expected value of receipts, having regard to historic collection rates and ageing. These factors are reviewed and updated periodically.

Other receivables are short term in nature and are accounted for at their initial value and impaired when there is evidence that they will not be settled in full. To date there have been no credit losses and the fair value is considered to be the same as the carrying value.

### 2.9 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.10 Financial instruments

*Financial assets*

*Cash at bank and in hand*

Cash at bank and in hand comprises deposits held at call with recognised UK banks plus cash in transit from card service providers.

*Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

*Trade and other payables*

Trade and other payables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.12 Provisions for liabilities and charges**

Provisions for liabilities and charges are recognised where a legal obligation exists and the amount can be reasonably quantified.

**2.13 Leases**

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

**2.14 Pensions**

The Company operates a defined contribution pension scheme for eligible employees. Contributions are charged to the Income Statement in the period in which they fall due.

**3 Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

*Revenue recognition*

As set out in accounting policy note 2.5, revenue from unpaid parking charge notices is accrued based on historic payment rates. Average payment values and collection rates have been broadly stable over time and there is no reason to anticipate significant change.

*Useful economic lives of fixed assets*

The cost of tangible and intangible fixed assets is charged to the Income Statement over the Directors' best estimate of the useful lives as set out in notes 2.6 and 2.7 above.

The Directors do not believe there are any other areas of significant judgement.

## 4 Revenue

Revenue all derives from the principal activity of the Company and all arose within the United Kingdom.

## 5 Operating profit

| | 2018 £000 | 2017 £000 |
|---|---|---|
| Depreciation of property, plant and equipment | 3,706 | 877 |
| Amortisation of intangible assets | 60 | 40 |
| Operating lease rentals - plant and machinery † | 1,731 | 2,892 |
| Operating lease rentals - land and buildings † | 324 | 343 |
| Auditors' remuneration | | |
| audit of the financial statements | 60 | - |
| audit of the financial statements of other group companies | 28 | - |
| taxation services | 10 | - |

† reported within administrative expenses in the Income Statement

Audit fees for the prior year were borne by Capita plc, who were the ultimate parent undertaking at that time. These fees were paid to the former auditors of the Company.

## 6 Employees and directors

The monthly average number of employees (including executive directors) was

| | 2018 | 2017 |
|---|---|---|
| | number | number |
| Administration | 10 | 10 |
| Management | 6 | 8 |
| Operations | 317 | 312 |
| | 333 | 330 |

Their aggregate remuneration comprised

| | 2018 | 2017 |
|---|---|---|
| | £ 000 | £ 000 |
| Wages and salaries | 7,694 | 6,725 |
| Social security costs | 574 | 541 |
| Other pension costs - defined contribution scheme | 129 | 117 |
| | 8,397 | 7,383 |

The Company operates defined contribution schemes for all eligible employees. No amounts were outstanding at 31 December 2018 or 31 December 2017.

Remuneration for directors was:

| | 2018 | 2017 |
|---|---|---|
| | £ 000 | £ 000 |
| Remuneration for qualifying service | 323 | 366 |
| Long term incentive † | 620 | - |
| Contributions to defined contribution pension schemes | 23 | 18 |
| | 966 | 384 |

Two directors were employed in executive roles and receive remuneration, including contributions to a defined contribution pension schemes. Other directors served in a non-executive capacity and were remunerated by their respective employers. No director received any compensation for loss of office and no director is accruing post-retirement benefits payable by the Company.

The highest paid director's remuneration was:

| | 2018 | 2017 |
|---|---|---|
| | £ 000 | £ 000 |
| Remuneration for qualifying service | 231 | 237 |
| Long term incentive † | 407 | - |
| Contributions to defined contribution pension schemes | 22 | 18 |
| | 660 | 255 |

† The long term incentive is a one-off payment linked to the sale of ParkingEye Limited by Capita plc

## 7 Income tax

| | 2018 | 2017 |
|---|---|---|
| | £ 000 | £ 000 |
| **Corporation tax** | | |
| Current tax on profits for the year | 2,443 | 1,423 |
| Adjustments in respect of previous periods | - | (100) |
| **Total current tax** | 2,443 | 1,323 |
| | | |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 153 | 454 |
| Effect of changes in tax rates | (16) | - |
| Adjustments in respect of previous periods | - | 4 |
| | 137 | 458 |
| | | |
| **Total income tax charge/(credit)** | 2,580 | 1,781 |

The tax assessed for the year is not equal to the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below

| | 2018 | 2017 |
|---|---|---|
| | £ 000 | £ 000 |
| Profit before tax | 13,590 | 9,822 |
| | | |
| Profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%) | 2,582 | 1,891 |
| Effects of | | |
| Adjustments in respect of prior years | - | (96) |
| Expenses not deductible | 72 | 7 |
| Changes in tax rates | (16) | (21) |
| Group relief | (58) | - |
| | | |
| Total charge for the year | 2,580 | 1,781 |

As a result of a change in the UK corporation tax rate to 19%, which was effective from 1 April 2017, the current tax rate decreased to 19% for the year ended 31 December 2018. A further reduction to the main rate to 17% from 1 April 2020 was also substantively enacted prior to the balance sheet date. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## 8 Intangible assets

| | Purchased software £ 000 |
|---|---|
| **Cost or valuation** | |
| At 1 January 2018 | 215 |
| Additions | 138 |
| Disposals | (50) |
| **At 31 December 2018** | **303** |
| | |
| **Accumulated amortisation** | |
| At 1 January 2018 | 71 |
| Charge for year | 60 |
| Disposals | (50) |
| **At 31 December 2018** | **81** |
| | |
| **Net book value** | |
| At 31 December 2017 | 144 |
| **At 31 December 2018** | **222** |

## 9 Property Plant and Equipment

| | Leasehold improvements | Fixtures and fittings | Computer equipment | Total |
|---|---|---|---|---|
| | £ 000 | £ 000 | £ 000 | £ 000 |
| **Cost** | | | | |
| At 1 January 2018 | 69 | 5,507 | 5,047 | **10,623** |
| Additions | - | 9,991 | 6,898 | **16,889** |
| Disposals | (40) | (17) | (1,664) | **(1,721)** |
| **At 31 December2018** | **29** | **15,481** | **10,281** | **25,791** |
| **Accumulated depreciation** | | | | |
| At 1 January 2018 | 47 | 813 | 4,645 | **5,505** |
| Charge for year | 14 | 2,155 | 1,537 | **3,706** |
| Disposals | (40) | (17) | (1,664) | **(1,721)** |
| **At 31 December2018** | **21** | **2,951** | **4,518** | **7,490** |
| **Net book value** | | | | |
| At 31 December 2017 | 22 | 4,694 | 402 | **5,118** |
| **At 31 December2018** | **8** | **12,530** | **5,763** | **18,301** |

During the year, the Company acquired computer equipment that had previously been leased from Capita, the former parent group. Consideration was £6.8m, which is equivalent to the net book value had the Company originally purchased the assets itself. They have been recognised at the purchase price paid and are being depreciated over their remaining useful life.

## 10 Trade and other receivables

| | 2018 | 2017 |
|---|---|---|
| | £ 000 | £ 000 |
| Trade receivables | 5,201 | 4,464 |
| Amounts owed by other group undertakings | - | 24,305 |
| Prepayment and accrued income | 264 | 110 |
| Other debtors | 499 | 85 |
| | 5,964 | 28,964 |

Trade receivables principally comprise the fair value of collections from unpaid PCNs net of associated costs of collection. This is determined based on the expected value of receipts, having regard to historic collection rates and ageing. These factors are reviewed and updated periodically.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. The amounts reported in 2017 were owed by the former parent group and were settled on completion of the change of ownership.

## 11 Creditors – amounts falling due within one year

| | 2018 | 2017 |
|---|---|---|
| | £ 000 | £ 000 |
| Trade creditors | 4,062 | 5,631 |
| Accruals and deferred income | 1,597 | 461 |
| Other creditors | 412 | 3 |
| Other tax and social security | 1,379 | 1,527 |
| Amounts due to other group undertakings | 81 | 9,960 |
| | 7,531 | 17,582 |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. The amounts reported in 2017 were owed to the former parent group and were settled on completion of the change of ownership.

## 12 Provisions for liabilities and charges

| | 31 December 2018 £ 000 | 31 December 2017 £ 000 |
|---|---|---|
| Provisions for liabilities and charges | 145 | 73 |

Provisions for liabilities and charges represents estimated amounts due for repair or refurbishment of leasehold properties prior to vacating those properties at the end the lease. All current leases expire within five years.

## 13 Deferred tax

| | £ 000 |
|---|---|
| At beginning of year | 511 |
| Deferred tax charged for the year | (137) |
| At end of year | 374 |

There are no unrecognised deferred tax assets or liabilities.

## 14 Share capital

| | 31 December 2018 £ 000 | 31 December 2017 £ 000 |
|---|---|---|
| **Shares classified as equity** | | |
| Allotted, called up and fully paid | | |
| 6,535 Ordinary shares of £1 each | 7 | 7 |

All shares are Ordinary Shares and are allotted, called up and fully paid.

In 2018, a dividend of £765.11 per share, totalling £5.0m (2017: nil) was paid to the former owners of the business.

## 15 Commitments

Aggregate commitments for future minimum future lease payments under non-cancellable operating leases:

| | 31 December 2018 | 31 December 2017 |
|---|---|---|
| **Land and buildings** | **£ 000** | £ 000 |
| Payable within one year | **221** | 180 |
| Payable between 1 and 5 years | **556** | 638 |
| | **777** | 818 |
| **Other** | | |
| Payable within one year | **319** | 172 |
| Payable between 1 and 5 years | **411** | 264 |
| | **730** | 436 |

## 16 Ultimate group undertaking

The Company's immediate parent undertaking is Peggy Bidco Limited, a company incorporated in England.

The largest and smallest company to consolidate the results of the Company is Peggy Holdco Limited, which is the ultimate controlling party. The financial statements of Peggy Holdco Limited are publicly available and can be obtained from its registered office at 40 Eaton Avenue, Buckshaw Village, Chorley, Lancashire, PR7 7NA.

The company was acquired by Peggy Bidco, a wholly-owned subsidiary of Peggy Holdco, on 2 November 2018. Prior to that date the ultimate controlling party was Capita plc. The results up to that date are consolidated within the financial statements of Capita plc.

## 17 Restatement of 2017

As discussed in notes 2.2 and 2.5, the results previously presented for the year ended 31 December 2017 have been restated. The adjustments are set out below.

| | Footnote | 2017 as originally stated £ 000 | adjustments £ 000 | restated £ 000 |
|---|---|---|---|---|
| Revenue | a | 38,215 | 7 | **38,222** |
| Cost of sales | | (17,227) | - | **(17,227)** |
| **Gross profit** | | 20,988 | 7 | **20,995** |
| Administrative expenses | | (11,173) | - | **(11,173)** |
| **Operating profit** | | 9,815 | 7 | **9,822** |
| Finance costs | | - | - | - |
| Profit before tax | | 9,815 | 7 | **9,822** |
| Income tax charge | | (1,779) | (2) | **(1,781)** |
| **Profit for the year** | | 8,036 | 5 | **8,041** |
| **Total comprehensive income for the year** | | 8,036 | 5 | **8,041** |

Footnotes

a) Additional revenue represents the increase in the fair value of unpaid Parking Charge Notices between 31 December 2016 and 31 December 2017.

**17 Restatement of 2017 (continued)**

| | Note | 2017 as originally stated £ 000 | adjustments £ 000 | restated £ 000 |
|---|---|---|---|---|
| **Non current assets** | | | | |
| Intangible assets | | 144 | - | **144** |
| Property plant and equipment | | 5,118 | - | **5,118** |
| Deferred tax | | 511 | - | **511** |
| | | 5,773 | - | **5,773** |
| **Current assets** | | | | |
| Trade and other receivables | b | 25,306 | 3,658 | **28,964** |
| Cash at bank and in hand | | 1,764 | - | **1,764** |
| | | 27,070 | 3,658 | **30,728** |
| **Creditors - amounts falling due within one year** | | | | |
| Trade and other payables | | (17,582) | - | **(17,582)** |
| Current tax liability | c | (1,759) | (704) | **(2,463)** |
| | | (19,341) | (704) | **(20,045)** |
| **Net current assets** | | 7,729 | 2,954 | **10,683** |
| Total assets less current liabilities | | 13,502 | 2,954 | **16,456** |
| Provisions | | (73) | - | **(73)** |
| **Net assets** | | 13,429 | 2,954 | **16,383** |
| **Equity** | | | | |
| Share capital | | 7 | - | **7** |
| Share premium | | 743 | - | **743** |
| Capital redemption reserve | | 337 | - | **337** |
| Retained earnings | d | 12,342 | 2,954 | **15,296** |
| **Total shareholders' funds** | | 13,429 | 2,954 | **16,383** |

Footnotes

b) The adjustment to receivables represents the fair value of unpaid Parking Charge Notices at 31 December 2017.

c) Tax payable on the revenue that was not reported in the year ended 31 December 2017.

d) The adjustment to retained earnings comprises £5,000 in respect of the year ended 31 December 2017 and £2,949,000 in respect of prior years.

## 18 EBITDA

Operating profit can be reconciled to adjusted EBITDA as follows

| | 2018 | 2017 |
|---|---|---|
| | £ 000 | £ 000 |
| Operating profit | 13,590 | 9,822 |
| Depreciation | 3,706 | 877 |
| Amortisation | 61 | 40 |
| Exceptional and other non-recurring costs | 502 | 288 |
| Group recharge | - | 3,903 |
| Lease rentals paid to group companies | 1,331 | 2,477 |
| **Adjusted EBITDA** | 19,190 | 17,407 |