

ParkingEye Limited

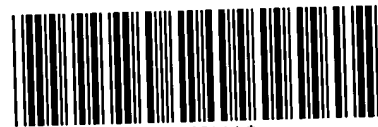
Registered number 05134454

ParkingEye Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

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ParkingEye Limited

Contents	Page
Company information	2
Strategic report	3
Directors' report	7
Independent auditors' report to the members of ParkingEye Limited	10
Income Statement	13
Statement of Comprehensive Income	14
Balance Sheet	15
Statement of changes in equity	16
Notes to the financial statements	17

ParkingEye Limited

COMPANY INFORMATION

Directors

Philip Boynes

Sian Wicks

Registered number

05134454

Registered office

40 Eaton Avenue

Buckshaw Village

Chorley

Lancashire

PR7 7NA

Independent auditors

PricewaterhouseCoopers LLP

No 1 Spinningfields

1 Hardman Square

Manchester

M3 3EB

Bankers

Barclays Bank plc

77 Albion Street

Leeds

LS1 5LD

ParkingEye Limited**STRATEGIC REPORT****For the year ended 31 December 2021**

The directors present their strategic report for ParkingEye Limited ("the Company") for the year ended 31 December 2021.

Principal activities

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

Business review and KPIs

These Financial Statements show the results for the year ended 31 December 2021 with comparative numbers for the year ending 31 December 2020.

During the year ended 31 December 2021 the Company set up new overseas subsidiaries in Germany and Denmark.

Revenue for the year was £39,376,000 (2020: £31,198,000), an increase of 26.3%, with 2020 seeing a greater adverse impact from the lockdowns imposed by the UK Government during the Covid-19 global pandemic. Gross profit margin for the year ending 31 December 2021 was 60.3% compared with 54.4% for the year ending 31 December 2020. Operating profit increased by £4,035,000 to £5,725,000 a direct result of the increase in revenue.

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

	2021	2020
	£ 000	£ 000
Revenue	39,376	31,198
Adjusted EBITDA †	16,066	10,819

†Adjusted EBITDA is a non-statutory measure and is defined as operating profit before interest, tax, depreciation and amortisation, before lease payments to group companies, and before other non-recurring items. A reconciliation between this and Operating Profit is shown below.

	2021	2020
	£ 000	£ 000
Operating profit	5,725	1,690
Depreciation	8,786	7,635
Amortisation	1,006	702
EBITDA	15,517	10,027
Exceptional items	13	110
Non-recurring costs	536	682
Adjusted EBITDA	16,066	10,819

Non-recurring costs are not separately disclosed within the primary statements or notes to the financial statements.

Exceptional items comprise of redundancy costs in the current year. In the prior year these were legal and professional fees associated with proposed acquisitions and resulting restructuring costs. Non-recurring costs are other one-off costs that management exclude for monitoring performance.

Current balance sheet position

At 31 December 2021, net assets were £44,325,000 (31 December 2020: £37,534,000).

ParkingEye Limited

STRATEGIC REPORT (continued)

For the year ended 31 December 2021

Section 172 (1) statement

The Directors of the Company, as those of all UK companies must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006. The Directors of the Company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard to:

- The likely consequences of any decision in the long term
- The interest of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and environment
- The desirability of the Company maintaining a reputation for high standards of business conduct and
- The need to act fairly between shareholders of the Company

In discharging their duties above, the directors carefully consider amongst other matters, the impact on the interests of other stakeholders in the Company and factor these into their decision-making process.

As the Company continues to grow in a highly regulated industry it is key that all risks faced are successfully identified, evaluated and managed. The principal risks and uncertainties are further explained within the Strategic report.

Employees

The Company has continued to consult and discuss with employees on all matters likely to affect their interests and all employees are aware of the financial and economic performance of the Company. There are monthly head of department meetings with the CEO and an annual strategy meeting for senior management. Appropriate information is cascaded regularly to employees via heads of department. Information is also provided via a newsletter and employee surveys conducted to gain feedback on employee engagement and to generate feedback on which information employees would like more on. A focus group is run by the HR Director with regard to Company core values.

Employee interests were central to principal decisions made in 2021 with the Company making use of the UK Government's Coronavirus Job Retention Scheme.

The Company is committed to being a responsible employer in its approach to the pay, benefits and health and safety of its employees. There are several bonus schemes tailored to the relevant areas of the business which are designed to align behaviours and results to Company strategy and goals.

The Company's policy regarding disabled persons is set out in the Directors' Report.

Customers

The directors commit considerable time, effort and resources into understanding and responding to the needs of our customers with a view to fostering long term mutually beneficial partnerships. The Company acts to service our customers' needs to the highest standards and work quickly to resolve isolated disagreements that may arise from time to time.

Suppliers

The directors have established a procurement policy to ensure that external suppliers are individually verified to ensure they meet with the health and safety, regulatory and financial security standards required by the Company. The Company seeks to pay all suppliers any undisputed amounts due and that conform with the Company's billing requirements within agreed terms. The Company has established procedures for dispute resolution in a timely and fair manner.

ParkingEye Limited

STRATEGIC REPORT (continued)

For the year ended 31 December 2021

Community and the environment

The Company takes its role within the community very seriously and promotes and encourages community and charitable activities. The Company also recognises the importance of its environmental responsibilities and ensures compliance with any regulatory environmental standards. The Company seeks to implement policies aimed at reducing any potential detrimental environmental impact of its activities.

Standards and conduct

The Company has a series of defined codes of practice regarding ethical standards and the conduct of business. These are clearly communicated to every staff member and adherence to which is expected.

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 the issue of parking charge notices (PCNs) to the small proportion of motorists who breach the site owner's parking conditions. The directors have considered the impacts of Covid-19 on the Company and have made an assessment on the possible impacts of changes in demand for the Company's services. These assessments have been used to update financial forecasts in order to assess the future foreseeable viability of the Company. At the time of the approval of these financial statements, the Company is forecasting to continue operating as a profitable and sustainable business.

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 upon 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.

Financial risk management

The Company is exposed to a variety of financial risks that include credit risk and liquidity risk. The Company has in place a risk management programme, the objective of which is to limit the adverse effects on financial performance of the Company where appropriate.

Credit risk

The operating model does not involve granting significant credit to customers and therefore the Directors consider that credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the wider Group (Peggy Holdco Limited and its subsidiaries) will not be able to meet its financial obligations as they fall due. Although the Group is funded by long term debt, it has a strong cashflow allowing it to meet current liabilities and commitments when due. The Group has covenants with external lenders. These include conditions, inter alia, relating to the aggregate levels of debt and profitability of the group. The Directors monitor compliance with these conditions on a quarterly basis.

ParkingEye Limited

STRATEGIC REPORT (continued)
For the year ended 31 December 2021

Future developments

The Directors anticipate continuing organic growth and intend to pursue further acquisitions of similar businesses as well as continue to seek and evaluate lateral opportunities where appropriate. The business will continue to provide a wide range of ANPR, Pay & Display, permit and manned solutions to assist the control and where appropriate enforcement of managed car parks for businesses and their users across the UK.

The Private Parking Code of Practice has been announced and is currently passing through Parliament for approval. The Directors have considered the legislation and having evaluated the changes are confident that there will be no material impact to the ongoing activities of the business.

This report was approved by the Board on 29 April 2022 and signed on its behalf by

Philip Boynes
Director
29 April 2022

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Philip Boynes
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ParkingEye Limited

DIRECTORS' REPORT

For the year ended 31 December 2021

The directors present their annual report and the audited Financial Statements of ParkingEye Limited ("the Company") for the year ended 31 December 2021.

Results and dividends

The result for the year was a profit before tax of £5,345,000 (2020: £1,391,000). The Directors do not recommend the payment of a dividend. (2020: £nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Philip Boynes
Sian Wicks

The Company holds indemnity insurance for Directors' liability.

Employees

The Company has continued to consult and discuss with employees on all matters likely to affect their interests and all employees are aware of the financial and economic performance of the Company. There are monthly head of department meetings with the CEO and an annual strategy meeting for senior management. Appropriate information is cascaded regularly to employees via heads of department. Information is also provided via newsletter and employee surveys conducted to gain feedback on employee engagement and to generate feedback on which information employees would like more on. A focus group is run by the HR Director with regard to company core values.

The Company is committed to being a responsible employer in its approach to the pay, benefits and health and safety of its employees. There are several bonus schemes tailored to the relevant areas of the business which are designed to align behaviours and results to Company strategy and goals.

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.

Stakeholder and Employee Engagement

Stakeholder and Employee Engagement are detailed within the Strategic Report.

Financial risk management

Information in respect of financial risk management is disclosed within the Strategic Report.

Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future. Due to the nature of the Company and relationship with other group companies, the directors have considered the going concern assessment of the Company alongside that of the Group.

ParkingEye Limited

DIRECTORS' REPORT (continued)

For the year ended 31 December 2021

Going concern (continued)

The directors have considered the current Covid-19 impacted economic environment alongside the Group and Company's forecasts and predictions, considering any reasonable possible changes in trading performance. These forecasts show that the directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for a period of at least 12 months from the date of approving these financial statements.

The Company therefore, continues to adopt the going concern basis in preparing its 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, 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 the financial statements, the directors are required to:

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;
- 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.

ParkingEye Limited**DIRECTORS' REPORT (continued)**
For the year ended 31 December 2021**Future Developments**

Future developments are deemed to be of strategic importance to the Group and as such have been outlined within the Strategic Report.

Streamlined Energy and Carbon Reporting

GHG emissions for the Company during the year ended 31 December 2021 and 31 December 2020 are reported below:

	2021	2020
UK energy use kWh	2,397,200	1,942,099
Associated Greenhouse gas emissions, Tonnes CO2 equivalent	551.08	460.52
Intensity ratio Emissions	0.01kg CO2e/£ Revenue	0.01kg CO2e/£ Revenue

UK energy use covers Fuel, Electricity and Grey Fleet.

Associated Greenhouse gases have been calculated in accordance with GHG Reporting Protocol – Corporate Standard methodology.

At ParkingEye Limited we have introduced energy efficiency measures across our sites. For example, we have upgraded to LED Lighting. We have also implemented a car sharing scheme where possible, to try and reduce our carbon emissions from private car usage. We have similarly also introduced a cycle to work scheme, where we encourage and incentivise our employees to cycle to work. Employees are incentivised to purchase bikes and other cycling equipment.

As part of our commitment to improve our green credentials, we have also procured renewable electricity contracts for all our electricity supplies during 2021.

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 29 April 2022 and signed on its behalf by

Philip Boynes
Director
29 April 2022

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Philip Boynes
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Independent auditors' report to the directors 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 2021 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 2021; the income statement, the statement of comprehensive income 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Independent auditors' report to the directors of ParkingEye Limited (continued)

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2021 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent auditors' report to the directors of ParkingEye Limited (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to The Parking (Code of Practice) Act 2019, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax regulation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent journal entries, designed to manipulate the financial performance and/or position of the company and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- inquiry of management in respect of potential non-compliance with laws and regulations;
- testing journal entries meeting specific risk criteria, testing accounting estimates for indication of management bias and evaluating the business rationale of any significant transactions outside the normal course of business;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- reviewing legal expense listings to identify indications of potential non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.



Daniel Wilbourn (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

29 April 2022

ParkingEye Limited**Company Number 05134454****INCOME STATEMENT****For the year ended 31 December 2021**

	Note	2021 £ 000	2020 £ 000
Revenue	4	39,376	31,198
Cost of sales		(15,624)	(14,213)
Gross profit		23,752	16,985
Administrative expenses		(18,407)	(16,580)
Other Income	5	380	1,285
Operating profit	6	5,725	1,690
Operating profit before exceptional items		5,738	1,800
Exceptional items (included in administrative expenses)	7	(13)	(110)
Operating profit	6	5,725	1,690
Finance costs	8	(380)	(299)
Profit before tax		5,345	1,391
Income tax credit	10	1,490	1,134
Profit for the financial year		6,835	2,525

ParkingEye Limited**Company Number 05134454****STATEMENT OF COMPREHENSIVE INCOME**
For the year ended 31 December 2021

	2021	2020
	£ 000	£ 000
Profit for the financial year	6,835	2,525
Other comprehensive expense:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(42)	-
Total comprehensive income for the year	6,793	2,525

ParkingEye Limited

Company Number 05134454

BALANCE SHEET**As at 31 December 2021**

	Note	2021 £ 000	2020 £ 000
Non-current assets			
Intangible assets	11	1,804	1,927
Property plant and equipment	12	22,155	25,425
Investments	13	27	-
Right-of-use assets	20	3,650	4,503
Deferred tax	18	2,509	1,357
		<u>30,145</u>	<u>33,212</u>
Current assets			
Inventories	14	7	130
Trade and other receivables	15	10,684	10,890
Cash at bank and in hand		<u>16,118</u>	<u>6,441</u>
		<u>26,809</u>	<u>17,461</u>
Creditors: amounts falling due within one year			
Trade and other payables	16	(8,537)	(8,446)
Lease liabilities	20	(640)	(604)
		<u>(9,177)</u>	<u>(9,050)</u>
Net current assets		<u>17,632</u>	<u>8,411</u>
Total assets less current liabilities		<u>47,777</u>	<u>41,623</u>
Creditors: amounts falling due after more than one year			
Lease liabilities	20	(3,307)	(3,944)
Provisions	17	(145)	(145)
		<u>(3,452)</u>	<u>(4,089)</u>
Net assets		<u>44,325</u>	<u>37,534</u>
Equity			
Called up Share capital	19	7	7
Share premium account		743	743
Capital redemption reserve		337	337
Retained earnings		<u>43,238</u>	<u>36,447</u>
Total shareholders' funds		<u>44,325</u>	<u>37,534</u>

The financial statements on pages 13 to 30 were approved and authorised for issue by the board on 29 April 2022 and were signed on its behalf by

Philip Boynes
Director

DocuSigned by:

Philip Boynes

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ParkingEye Limited

Company Number 05134454

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Called up share capital £ 000	Share premium account £ 000	Capital redemption reserve £ 000	Retained earnings £ 000	Total shareholders' funds £ 000
At 1 January 2020	7	743	337	33,922	35,009
Profit and total comprehensive income for the year	-	-	-	2,525	2,525
At 31 December 2020	7	743	337	36,447	37,534
Profit for the financial year	-	-	-	6,835	6,835
Exchange differences on translating foreign operations	-	-	-	(42)	(42)
At 31 December 2021	7	743	337	43,238	44,325

Called up Share capital (note 19)

Share capital is the nominal proceeds from issue of equity shares.

Share premium account

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.

ParkingEye Limited
Notes to the financial statements
For the year ended 31 December 2021

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 registered in England and Wales under the Companies Act 2006 and is 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).

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

2.2 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;

2.3 Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future. Due to the nature of the Company and relationship with other group companies, the directors have considered the going concern assessment of the Company alongside that of the Group.

The directors have considered the current Covid-19 impacted economic environment alongside the Group and Company's forecasts and predictions, considering any reasonable possible changes in trading performance. These forecasts show that the directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for a period of at least 12 months from the date of approving these financial statements.

The Company therefore, continues to adopt the going concern basis in preparing its financial statements.

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

2 Accounting policies (continued)

2.4 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.

2.5 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:

Land and Buildings	5 years
Fixtures and fittings	3-5 years
Computer equipment	3-5 years

2.6 Intangible assets

Intangible assets represent the costs of acquiring and implementing third party software and are amortised over the expected useful life of 3 years. Costs of internally developed software, periodic software licenses and other software maintenance costs are expensed as incurred.

2.7 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.

2.8 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.

2.9 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. The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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.

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

2 Accounting policies (continued)

2.10 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.

2.11 Provisions for liabilities and charges

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

2.12 Leases

The Company leases various properties, motor vehicles, car parks, tools and computer equipment. Rental contracts are typically made for fixed periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Companies incremental borrowing rate is used. This is the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date and any initial direct costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

2 Accounting policies (continued)

2.12 Leases (continued)

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

2.13 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.

2.14 New Standards, amendments and IFRIC interpretations

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2020 that have had a material impact on the Company's financial statements.

2.15 Foreign currencies

All transactions and balances are in the functional currency of the Company.

2.16 Impairment

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets are reviewed for possible reversal of the impairment at each reporting date.

2.17 Exceptional items

The Company presents certain items as exceptional on the face of the income statement in arriving at operating profit. These are items which, in Directors' judgement, need to be disclosed separately by virtue of their size, nature or occurrence.

2.18 Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventories is based on purchase price. Net realisable value is based upon the selling price. Where the net realisable value is identified as lower than cost, a provision for impairment is established.

2.19 UK Government's Coronavirus Job Retention Scheme

Amounts received by the Company in relation to the UK Government's Coronavirus Job Retention Scheme are credited to the Income Statement in the year to which they relate.

2.20 Investments

Investments in subsidiaries are measured at cost less impairment. The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

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 2.4, revenue from unpaid parking charge notices is accrued based on historic payment rates. The directors believe that historic payment rates give an accurate indication of future rates and are therefore deemed reasonable to use in accrued revenue calculations.

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 2.5 and 2.6 above. An increase of 1 year in the useful life of all tangible assets would result in a circa £1,500,000 reduction to depreciation.

Leases

As set out in accounting policy note 2.12 lease payments are discounted using the Companies incremental borrowing rate. The Group uses third party financing available at the time to help determine the incremental borrowing rate. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

4 Revenue

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

5 Other Income

	2021	2020
	£ 000	£ 000
Amounts received from the UK Government's Coronavirus Job Retention Scheme	380	1,285
	380	1,285

6 Operating profit

	2021	2020
	£ 000	£ 000
Depreciation of property, plant and equipment	7,924	6,672
Depreciation of right-of-use assets	862	963
Amortisation of intangible assets	1,006	702
Auditors' remuneration		
audit of the financial statements	105	105
audit of the financial statements of other group companies	22	22
taxation services	74	63

Depreciation and Amortisation are included within administrative expenses.

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

7 Exceptional items

	2021	2020
	£ 000	£ 000
Redundancy costs	13	110
	13	110

8 Finance costs

	2021	2020
	£ 000	£ 000
Interest payable for lease liabilities	384	299
Interest payable on PAYE	10	-
Interest receivable on foreign operations funding	(14)	-

9 Employees and directors

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

	2021	2020
	number	Number
Administration	39	42
Management	8	7
Operations	265	292
	312	341

Their aggregate remuneration comprised:

	2021	2020
	£ 000	£ 000
Wages and salaries	8,486	7,600
Social security costs	907	770
Other pension costs	216	260
	9,609	8,630

The Company operates defined contribution schemes for all eligible employees. No amounts were outstanding at 31 December 2021 or 31 December 2020.

Remuneration for directors was:

	2021	2020
	£ 000	£ 000
Remuneration for qualifying service	596	581
Contributions to defined contribution pension schemes	27	26
	623	607

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

9 Employees and directors (continued)

Two directors were employed in executive roles and received remuneration, including contributions to a defined contribution pension scheme. Other directors served in a non-executive capacity and were remunerated by their respective employers. There was no compensation paid for loss of office in the year (2020: £nil). No director is accruing post-retirement benefits payable by the Company.

The highest paid director's remuneration was:

	2021	2020
	£ 000	£ 000
Remuneration for qualifying service	306	298
Contributions to defined contribution pension schemes	14	14
	<u>320</u>	<u>312</u>

The highest paid director did not exercise any share options during the year or participate in a defined benefit pension scheme.

10 Income tax credit

	2021	2020
	£ 000	£ 000
Corporation tax		
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	(338)	(7)
Total current tax	<u>(338)</u>	<u>(7)</u>
Deferred tax		
Origination and reversal of timing differences	(550)	(1,424)
Effect of changes in tax rates	(602)	(27)
Adjustments in respect of previous periods	-	324
	<u>(1,152)</u>	<u>(1,127)</u>
Total income tax credit	<u>(1,490)</u>	<u>(1,134)</u>

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

10 Income tax credit (continued)

The tax assessed for the year is not equal (2020: not equal) to the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below

	2021	2020
	£ 000	£ 000
Profit before tax	5,345	1,391
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,016	264
Effects of		
Adjustments in respect of previous periods	(338)	317
Expenses not deductible	(150)	25
Changes in tax rates	(602)	(27)
Group relief	(1,416)	(1,713)
Total credit for the year	(1,490)	(1,134)

On 3 March 2021 the Government announced that from 1 April 2023 the UK corporation tax rate will increase to 25% for UK tax resident companies whose profits exceed a certain threshold. Management believes that the taxable profits of the Company will be taxed at this higher rate from 1 April 2023. This was substantively enacted on 24 May 2021. This change has been reflected in these financial statements.

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

11 Intangible assets

	Software
	£ 000
Cost or valuation	
At 1 January 2021	2,972
Additions	884
Disposals	-
At 31 December 2021	3,856
Accumulated amortisation	
At 1 January 2021	1,045
Charge for year	1,006
Disposals	-
At 31 December 2021	2,052
Net book value	
At 31 December 2020	1,927
At 31 December 2021	1,804

12 Property Plant and Equipment

	Land and Buildings	Fixtures and fittings	Computer equipment	Total
	£ 000	£ 000	£ 000	£ 000
At 1 January 2021				
Cost	33	30,945	10,021	40,999
Accumulated depreciation	(26)	(10,076)	(5,472)	(15,574)
Net book amount	7	20,869	4,549	25,425
Year ended 31 December 2021				
Opening net book amount	7	20,869	4,549	25,425
Additions	11	4,516	163	4,690
Disposals (Cost)	-	(240)	-	(240)
Depreciation charge	(6)	(6,186)	(1,732)	(7,924)
Disposals (Depreciation)	-	204	-	204
Closing net book amount	12	19,163	2,980	22,155
At 31 December 2021				
Cost	44	35,221	10,184	45,449
Accumulated depreciation	(32)	(16,058)	(7,204)	(23,294)
Net book amount	12	19,163	2,980	22,155

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

13 Investments

	£'000
Cost	
1 January 2021	-
Additions	<u>27</u>
31 December 2021	<u>27</u>
Impairment	
1 January 2021	-
Impairment	<u>-</u>
31 December 2021	<u>-</u>
Net book amount	
31 December 2020	<u>-</u>
31 December 2021	<u>27</u>

Investments comprise 100% of the issued share capital of

<i>Company name</i>	<i>Activity</i>
Parking Solutions Deutschland GmbH	Parking management services
Parking Solutions Danmark ApS	Parking management services

All holdings are of Ordinary shares and are held directly. The registered offices and principal places of business were at Leopoldstrasse 8-10, 80802 Munich, Germany and Kollegievej 6, 2920 Charlottenlund, Denmark, respectively.

Management have reviewed the future cash flows of the overseas subsidiaries and are happy there are no indicators for impairment.

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

14 Inventories

	2021	2020
	£ 000	£ 000
Finished Goods	<u>7</u>	<u>130</u>
	<u>7</u>	<u>130</u>

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £392,000 in the year ended 31 December 2021 (2020: £295,000). There was no impairment.

15 Trade and other receivables

	2021	2020
	£ 000	£ 000
Trade receivables	4,704	4,069
Allowance for expected credit losses	(15)	(86)
Trade receivables - net	<u>4,689</u>	<u>3,983</u>
Amounts owed by other group undertakings	5,041	6,011
Prepayment and accrued income	914	740
Other debtors	<u>40</u>	<u>156</u>
	<u>10,684</u>	<u>10,890</u>

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. There was no provision for impairment (2020 £nil).

Movements in the allowance for expected credit losses of trade receivables are shown below:

	2021	2020
	£ 000	£ 000
At the beginning of the year	86	16
Provision for expected credit losses	-	70
Write-off	(71)	-
At the end of the year	<u>15</u>	<u>86</u>

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

16 Trade and other payables

	2021	2020
	£ 000	£ 000
Trade creditors	4,479	4,384
Accruals and deferred income	1,737	1,159
Other creditors	687	602
Other tax and social security	1,634	2,301
	8,537	8,446

17 Provisions

	2021	2020
	£ 000	£ 000
Provisions for liabilities and charges	145	145

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.

18 Deferred tax

	2021	2020
	£ 000	£ 000
At beginning of year	1,357	230
Deferred tax credited for the year	1,152	1,127
At end of year	2,509	1,357

There are no unrecognised deferred tax assets or liabilities.

Deferred tax has been generated due to timing differences between depreciation and capital allowances. The Company has concluded that the deferred assets will be recoverable on the basis that these timing differences will disappear over the life of the related Property, Plant and Equipment assets.

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

19 Called up Share capital

	2021	2020
	£ 000	£ 000
Shares classified as equity		
Allotted, called up and fully paid		
6,535 (2020: 6,535) Ordinary shares of £1 each	<u>7</u>	<u>7</u>

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

There was no dividend paid in 2021 or 2020.

20 Leases

The balance sheet shows the following amounts relating to leases:

	2021	2020
	£ 000	£ 000
Right-of-use assets		
Motor Vehicles	135	329
Land and buildings	3,497	4,123
Tools and equipment	19	34
Computer equipment	-	17
	<u>3,651</u>	<u>4,503</u>
Lease liabilities		
Within 1 year	640	604
Between 1 and 5 years	866	1,333
Later than 5 years	2,441	2,611
	<u>3,947</u>	<u>4,548</u>

Additions to the right-of-use assets were £50,000 (2020: £3,136,000) as shown below:

	2021	2020
	£ 000	£ 000
Motor Vehicles	45	86
Land and buildings	-	3,026
Tools and equipment	5	22
Computer equipment	-	2
	<u>50</u>	<u>3,136</u>

ParkingEye Limited
Notes to the financial statements (continued)
For the year ended 31 December 2021

20 Leases (continued)

The statement of profit or loss shows the following amounts relating to leases:

	2021	2020
	£ 000	£ 000
Depreciation charge of right-of use assets		
Motor Vehicles	204	280
Land and buildings	620	634
Tools and equipment	20	24
Computer equipment	18	25
	862	963

The total cash outflow for leases in 2021 was £1,153,000 (2020: £1,209,000).

Lease liability movements during the financial year were as follows:

	2021	2020
	£ 000	£ 000
Lease liabilities 1 January	4,548	2,520
Interest expense	384	299
Lease additions	50	2,991
Lease disposals	(17)	(53)
Lease repayments	(1,018)	(1,209)
Lease liabilities 31 December	3,947	4,548

21 Ultimate group undertaking

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

The smallest company to consolidate the results of the Company is Peggy Holdco Limited. 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 is ultimately controlled by MML Capital Partners Europe Limited and Macquarie European Investment Holdings Limited who both own 42.5% of the share capital of Peggy Holdco Limited.