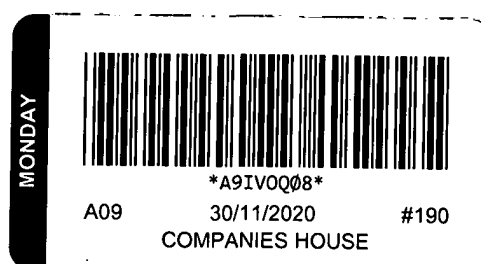


Registered number: 04513692

PARENTPAY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**



PARENTPAY LIMITED

COMPANY INFORMATION

Directors	C A Wilson E A C Neubauer N J C Govett N Howard D Burgess M N Jones M R Brant (appointed 1 February 2020)
Company secretary	M D Thomas
Registered number	04513692
Registered office	Flat 11 Kingsley Lodge 13 New Cavendish Street London W1G 9UG
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 6th Floor 3 Callaghan Square Cardiff CF10 5BT

PARENTPAY LIMITED

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PARENTPAY LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2019**

Introduction

The directors present their strategic report for the Company for the year ended 30 November 2019.

Business review

The Company performed in line with expectations during the year, with earnings continuing to improve across the combined brands of ParentPay and Schoolcomms.

The Company signed over 1,600 new payment customers during the course of the year, despite continuing signs of maturation in the English market for online payment systems for schools.

At the year end, the Company, including its subsidiary Cypad Limited, had over 15,700 unique school customers, a number that is expected to exceed 16,500 by the end of 2020. Churn rates amongst our payment customers continue to remain very low, with an average churn rate of less than 2.0% for the last 3 years, a slight decrease relative to the prior period.

Principal risks and uncertainties

Service availability & data breaches

Together ParentPay and Schoolcomms provide payment and communication services to just under 12,500 schools and more than 6 million parents throughout the UK, while its subsidiary Cypad Limited provides kitchen management and meal ordering services to caterers who serve over 6,500 schools. If any of these services were unavailable for an extended period or our systems suffered a security breach, the impact on our reputation and our business would be material.

To minimise these risks the business continues to invest in its infrastructure, systems and software, has a dedicated security team, and is accredited to PCI DSS Level 1. System uptime averaged more than 99.9% during the current year, with customer satisfaction and service level targets achieved for every month of the current year. The business continues to invest in its compliance systems and monitoring capabilities.

Brexit

Along with the many UK companies, the Company has taken active steps to assure business continues as normal in the run-up to, during the transition and post-Brexit. In preparation directors have examined all areas of our business and supply chain to understand any potential risk areas and are confident that the potential impacts of Brexit are understood and suitably mitigated.

Financial risk management objectives and policies

Financial risk management is carried out by a central team.

Interest rate risk

Risk arises from changes in interest rates which could cause variation in interest income and expense. This is currently managed with both asset and liability positions subject to variable rates, with liability positions weighted towards amortising balances.

Credit risk

Exposure to credit risk is influenced mainly by the characteristics of each customer. A risk control process evaluates the credit quality of customer groups and limits are individually established which are subsequently managed by a credit control team.

Liquidity risk

Liquidity risk is managed with the use of working capital instruments to establish a balance between cost and flexibility.

PARENTPAY LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2019

Key performance indicators

The directors have outlined their financial key performance indicators below:

£000s	2019	2018	Movement %
Turnover	27,409	24,956	10%
Profit before taxation	11,710	10,264	14%
EBITDA	13,324	11,966	11%
Net assets	28,053	19,174	46%

Other performance indicators

There are no other performance indicators the directors wish to disclose.

Other developments

Since the year-end, Covid-19 has become a global pandemic.

To date, the Company have not observed any long-term material impact on our activities due to Covid-19, indeed, the Company have continued to trade profitably and have been successful in winning new opportunities which are already operational.

The directors have considered the impact of the pandemic on the ability of the Company to continue as a going concern. Further detail of the director's considerations is detailed in note 2.3.

This report was approved by the board on 30 November 2020 and signed on its behalf.



N J C Govett
Director

PARENTPAY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2019**

The directors present their report and the financial statements for the year ended 30 November 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Results and dividends

The profit for the year, after taxation, amounted to £9,679,463 (2018: £8,537,371).

The Company paid a dividend of £800,000 (2018: £1,420,000) during the year.

Directors

The directors who served during the year were:

C A Wilson
E A C Neubauer
N J C Govett
N Howard
D Burgess
M N Jones

PARENTPAY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2019**

Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

Future developments

The directors expect earnings in the Company to continue to grow strongly for the foreseeable future as a result of: low churn rates; increasing annual spend per customer; a strong pipeline of new sales opportunities; continued prudent cost control; and mergers and acquisition activity.

Research and development activities

The Company engages in research and development activities by way of investment in its software platform. Costs capitalised in the current year in relation to the development of this platform are detailed in note 14 to the financial statements.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

PARENTPAY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2019**

Post balance sheet events

Covid-19

Since the year-end, Covid-19 has become a global pandemic. The directors are mindful that the further spread and impact of Covid-19 could influence revenue levels within the Company. However, directors are confident that their actions and monitoring within the business will sufficiently mitigate its impact.

Whilst estimating the precise financial impact on the business, directors have performed scenario planning to consider the potential impact of Covid-19 on the Company's results and are satisfied that the business has adequate available resources to continue to operate for the foreseeable future. Further details of director's considerations are detailed within the Going Concern accounting policy.

Hive up of trade and assets

On 1 December 2019 the whole trade and assets of Cypad Limited was hived up into the Company.

Working capital facility renewal

In October 2020, the working capital facility of £7.5m was renewed with Lloyds Bank Plc, and increased to £11m.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 November 2020 and signed on its behalf.

N J C Govett

N J C Govett
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARENTPAY LIMITED

Opinion

We have audited the financial statements of ParentPay Limited (the 'Company') for the year ended 30 November 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARENTPAY LIMITED (CONTINUED)

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARENTPAY LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARENTPAY LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Grant Thornton UK LLP

Rhian Owen BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Senior Statutory Auditor, Chartered Accountants
Cardiff

30 November 2020

PARENTPAY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	27,409,175	24,955,948
Cost of sales		(5,782,116)	(4,954,752)
Gross profit		21,627,059	20,001,196
Administrative expenses		(9,929,140)	(9,645,435)
Exceptional costs	13	-	(42,489)
Other operating income	5	-	75
Operating profit	6	11,697,919	10,313,347
Interest receivable and similar income	10	132,310	121,823
Interest payable and expenses	11	(120,018)	(171,077)
Profit before tax		11,710,211	10,264,093
Tax on profit	12	(2,030,748)	(1,726,722)
Profit for the financial year		9,679,463	8,537,371

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 13 to 32 form part of these financial statements.

PARENTPAY LIMITED
REGISTERED NUMBER:04513692

BALANCE SHEET
AS AT 30 NOVEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	14	10,461,738	11,015,171
Tangible assets	15	578,177	376,858
Investments	16	3,733,798	3,726,793
		<u>14,773,713</u>	<u>15,118,822</u>
Current assets			
Debtors: amounts falling due within one year	17	24,885,787	6,388,503
Cash at bank and in hand	18	132,380	3,155,882
		<u>25,018,167</u>	<u>9,544,385</u>
Creditors: amounts falling due within one year	19	(11,319,043)	(5,137,009)
Net current assets		<u>13,699,124</u>	<u>4,407,376</u>
Total assets less current liabilities		<u>28,472,837</u>	<u>19,526,198</u>
Provisions for liabilities			
Deferred tax	20	(419,494)	(352,318)
		<u>(419,494)</u>	<u>(352,318)</u>
Net assets		<u><u>28,053,343</u></u>	<u><u>19,173,880</u></u>
Capital and reserves			
Called up share capital	21	78,446	78,446
Share premium account	22	177,173	177,173
Profit and loss account	22	27,797,724	18,918,261
		<u>28,053,343</u>	<u>19,173,880</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

N J C Govett
 Director

Jerry Govett

Date: 30 November 2020

The notes on pages 13 to 32 form part of these financial statements.

PARENTPAY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2018	78,446	177,173	18,918,261	19,173,880
Profit for the year	-	-	9,679,463	9,679,463
Dividends: Equity capital	-	-	(800,000)	(800,000)
At 30 November 2019	78,446	177,173	27,797,724	28,053,343

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2017	78,446	177,173	11,800,890	12,056,509
Profit for the year	-	-	8,537,371	8,537,371
Dividends: Equity capital	-	-	(1,420,000)	(1,420,000)
At 30 November 2018	78,446	177,173	18,918,261	19,173,880

The notes on pages 13 to 32 form part of these financial statements.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

1. General information

ParentPay Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 11 Kingsley Lodge, 13 New Cavendish Street, London, W1G 9UG.

The principal activity of the Company is the provision of online payment services for schools and parents.

The financial statements are presented in Sterling, which is the functional currency of the Company. The financial statements have been rounded to the nearest £.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 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).

There is currently a high level of macro-economic uncertainty due to Covid-19. The preparation of the financial statements requires the directors to make a number of estimates, including an assessment of the appropriateness of the going concern basis of preparation of the financial statements. This assessment includes a review of the future economic environment and the Company's future prospects and performance. Detail of the director's considerations is included in note 2.3.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of ParentPay (Holdings) Ltd as at 30 November 2019 and these financial statements may be obtained from 11 Kingsley Lodge, 13 New Cavendish Street, London, W1G 9UG.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance, financial position, its cash flows, liquidity position, principal risks and uncertainties affecting the business are set out in the Strategic report.

The uncertainty as to the future impact on the Company of the recent Covid-19 pandemic has been considered as part of the Company's adoption of the going concern basis.

To date, the Company has not observed any long-term material impact on activities due to Covid-19, indeed, the Company has continued to trade profitably and has been successful in winning new opportunities which are already operational. The resilience of the business is underpinned by a large proportion of the Company's revenue being generated by recurring annual licence fee with schools and caterers operating in the Education market. However, the pandemic has had an impact on the business with revenues falling approximately 25% below budgeted levels due to the reduction of school-based expenditure because of school closures and the cancellation of trip-based expenditure.

The Company have banking facilities with Lloyds Bank Plc. As of 30 November 2019, facilities comprised of a working capital facility of £7.5m. In October 2020, the working capital facility was renewed and increased to £11m.

Considering the current Covid-19 pandemic, directors have revisited their forecast over the going concern period, performing several downside scenarios to consider the potential impact of Covid-19. In preparing the forecasts, directors considered the impact of reduced revenue using a worst case scenario basis across parts of the business and forecast known reductions in expenditure within the business reflecting, for example, individuals not being located in offices for a period of time amongst others. The business planning and mitigating activities are driven by key priorities during the Covid-19 situation – having flexibility to respond to the needs of the customers and staff. As part of business planning and mitigating activities, directors continue to monitor a series of key performance indicators which are monitored on a daily basis by the Leadership Team to ensure we have the most up to date information to hand in order to inform business decisions. Directors are confident that they can continue to take sufficient mitigation action to ensure that facilities remain sufficient over the forecast period and maintain compliance with covenants.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Company will be able to operate within the level of its facilities, and will have sufficient cash and covenant headroom for a period of at least 12 months from the approval date of these financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

2.4 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

2. Accounting policies (continued)**2.5 Revenue recognition**

Revenue from transaction service charges and similar services is recognised when the services are performed.

Fees in respect of related support and maintenance services are recognised over the life of the service agreement as the right to consideration is earned.

2.6 Intangible assets**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software development costs	-	9	years
Goodwill	-	10	years

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

2. Accounting policies (continued)**2.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	-	20% straight line
Fixtures and fittings	-	20% straight line
Office equipment	-	20% straight line
Computer equipment	-	20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Client account balances held are not recognised as cash and cash equivalents on the Balance Sheet as the Company does not consider itself to have a beneficial interest in the assets. Accordingly, an equivalent client creditor has not been recognised.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

2. Accounting policies (continued)**2.11 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

2. Accounting policies (continued)

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

2. Accounting policies (continued)**2.19 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 balance sheet date.

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.21 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

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

In the application of the Company's accounting policies, which are described in note 2, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The following are the critical judgements and key sources of estimation that management have made in the preparation of the financial statements:

Depreciation and amortisation

Management exercise judgement to determine useful lives and residual values of tangible and intangible assets. The assets are depreciated and amortised down to their residual values over their estimated useful lives. Where management consider the remaining useful life of the asset is no longer appropriate, they are amended.

Provision for bad debts

Management have considered the need for a provision against bad and doubtful debts. The provision is an estimate of the actual costs and timing of future cash flows, and is dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such a determination is made.

Capitalisation of development costs

Management demonstrate judgement in distinguishing the research and development phases of a new internally developed asset, and determining whether the recognition requirements of FRS 102 have been met. Following capitalisation, management monitor whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Impairment of goodwill and other non-current assets

Management assess at each reporting date whether there is any indication that an asset may be impaired, by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If management deem an impairment indicator to exist, an estimation of the recoverable amount of the asset is determined.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

All turnover arose within the United Kingdom.

5. Other operating income

	2019	2018
	£	£
Other operating income	-	75
	<u> </u>	<u> </u>

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	238,217	304,114
Amortisation of intangible assets, including goodwill	1,387,777	1,348,287
	<u>1,625,994</u>	<u>1,652,401</u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	35,300	35,000
	<u>35,300</u>	<u>35,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	5,005,954	4,797,762
Social security costs	543,339	474,960
Cost of defined contribution scheme	172,570	119,325
	<u>5,721,863</u>	<u>5,392,047</u>

The above costs excludes £833,327 (2018: £760,043) capitalised as a software development asset.

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

	2019 No.	2018 No.
Employees	184	165
	<u>184</u>	<u>165</u>

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

9. Directors' remuneration

	2019	<i>2018</i>
	£	<i>£</i>
Directors' emoluments	352,902	<i>360,956</i>
Directors pension costs	14,735	<i>12,204</i>
	<u>367,637</u>	<i><u>373,160</u></i>

During the year retirement benefits were accruing to 3 directors (2018: 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £156,594 (2018 - £157,769).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,750 (2018: £5,167).

Directors' remuneration above includes two directors who are paid by ParentPay (Holdings) Ltd, however their costs are recharged to the Company.

10. Interest receivable

	2019	<i>2018</i>
	£	<i>£</i>
Other interest receivable	<u>132,310</u>	<i><u>121,823</u></i>

11. Interest payable and similar expenses

	2019	<i>2018</i>
	£	<i>£</i>
Bank interest payable	<u>120,018</u>	<i><u>171,077</u></i>

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

12. Taxation

	2019	2018
	£	£
Corporation tax		
Current tax on profits for the year	1,964,165	1,713,168
Adjustments in respect of previous periods	(593)	60,645
Total current tax	1,963,572	1,773,813
Deferred tax		
Origination and reversal of timing differences	106,735	(23,721)
Changes to tax rates	(11,235)	(33,168)
Adjustment in respect of previous periods	(28,324)	9,798
Total deferred tax	67,176	(47,091)
Taxation on profit on ordinary activities	2,030,748	1,726,722

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	11,710,211	10,264,093
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	2,224,940	1,950,178
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	224,333	244,981
Adjustments to tax charge in respect of prior periods	(28,917)	70,443
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(44,401)	(251,357)
Change in tax rate	(11,235)	(33,168)
Group relief	(333,972)	(254,355)
Total tax charge for the year	2,030,748	1,726,722

Factors that may affect future tax charges

The July 2015 Budget Statement announced changes, which were subsequently enacted, to the UK corporation tax regime which will reduce the main corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020. A further change was announced in the March 2016 Budget to further reduce the corporation tax rate to 17% by 1 April 2020, which was substantively enacted.

Accordingly, deferred tax has been calculated using a tax rate of 17%.

In the Spring Budget of 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% rather than reducing to 17%, as previously enacted. This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

13. Exceptional items

	2019	2018
	£	£
Exceptional items - relating to acquisition of Cypad Limited	-	42,489

14. Intangible assets

	Software Development Costs £	Goodwill £	Total £
Cost			
At 1 December 2018	3,698,441	10,757,577	14,456,018
Additions	834,344	-	834,344
At 30 November 2019	4,532,785	10,757,577	15,290,362
Amortisation			
At 1 December 2018	1,504,162	1,936,685	3,440,847
Charge for the year	313,072	1,074,705	1,387,777
At 30 November 2019	1,817,234	3,011,390	4,828,624
Net book value			
At 30 November 2019	2,715,551	7,746,187	10,461,738
At 30 November 2018	2,194,279	8,820,892	11,015,171

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

15. Tangible fixed assets

	Short-term leasehold premises £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 December 2018	147,252	152,394	10,483	1,104,509	1,414,638
Additions	-	79,804	315	359,417	439,536
At 30 November 2019	147,252	232,198	10,798	1,463,926	1,854,174
Depreciation					
At 1 December 2018	93,051	106,683	8,587	829,459	1,037,780
Charge for the year on owned assets	25,060	23,203	1,316	188,638	238,217
At 30 November 2019	118,111	129,886	9,903	1,018,097	1,275,997
Net book value					
At 30 November 2019	29,141	102,312	895	445,829	578,177
At 30 November 2018	54,201	45,711	1,896	275,050	376,858

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

16. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 December 2018	3,726,793
Additions	7,005
	<hr/>
At 30 November 2019	3,733,798
 Net book value	
At 30 November 2019	3,733,798
	<hr/> <hr/>
At 30 November 2018	3,726,793
	<hr/> <hr/>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Cypad Limited	Ordinary	100%
Isuz Limited	Ordinary	100%

The registered office of subsidiaries is consistent with the Company.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

17. Debtors

	2019 £	2018 £
Trade debtors	662,512	565,625
Amounts owed by group undertakings	21,291,312	3,276,576
Other debtors	1,546,028	1,464,728
Prepayments and accrued income	1,385,935	1,081,574
	<u>24,885,787</u>	<u>6,388,503</u>

18. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	132,380	3,155,882
Less: bank overdrafts	<u>(7,225,227)</u>	<u>-</u>

At the year end ParentPay Limited held client account balances totaling £33,173,616 (2018: £28,550,257). These balances have not been recognised as cash and cash equivalents in the Balance Sheet of ParentPay Limited as the Company does not consider itself to have a beneficial interest in these assets. Accordingly, an equivalent client creditor balance has not been presented.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

19. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	7,225,227	-
Trade creditors	212,753	260,556
Corporation tax	1,921,104	1,770,220
Other taxation and social security	643,879	526,210
Other creditors	336,344	1,614,319
Accruals and deferred income	979,736	965,704
	<u>11,319,043</u>	<u>5,137,009</u>

The Company holds the following outstanding charges with Lloyds Bank Plc:

Charge code 0451 3692 0002 dated 20 January 2017. Omnibus guarantee & set off arrangement with ParentPay (Holdings) Ltd, Isuz Limited, Nimbl Limited and Just Education Limited, containing a fixed charge and negative pledge.

Debenture deed dated 16 May 2003, containing a fixed and floating charge over the undertaking and all property and assets present and future. Fixed and floating charge includes goodwill, book debts, uncalled capital, buildings, fixtures, plant and machinery.

20. Deferred taxation

	2019 £	2018 £
At beginning of year	(352,318)	(329,020)
Charged to the profit or loss	(95,500)	56,889
Arising on business combinations	-	(70,389)
Adjustment in respect of prior years	28,324	(9,798)
At end of year	<u>(419,494)</u>	<u>(352,318)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	<u>(419,494)</u>	<u>(352,318)</u>

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

21. Share capital

	2019	2018
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
78,446 (2018: 78,446) Ordinary A shares of £1 each	78,446	78,446

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

22. Reserves**Share premium account**

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount of the nominal value.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

23. Dividends

	2019	2018
	£	£
Dividends paid	800,000	1,420,000

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £172,570 (2018: £119,325). Contributions totaling £32,824 (2018: £19,370) were payable to the fund at the Balance Sheet date.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

25. Commitments under operating leases

At 30 November 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	148,863	138,897
Later than 1 year and not later than 5 years	404,464	360,039
Later than 5 years	-	58,421
	<u>553,327</u>	<u>557,357</u>

26. Related party transactions

ParentPay (Holdings) Ltd group

The Company has taken advantage of the exemption available under FRS 102 from disclosing transactions and balances with other wholly owned group companies that form part of the ParentPay (Holdings) Ltd group.

Director and shareholder loans

Included within other debtors are amounts owed by directors and shareholders of £227,169 (2018: £227,981). Interest is being charged on these balances based on official HMRC interest rates for beneficial loan arrangements.

27. Post balance sheet events

Covid-19

Since the year-end, Covid-19 has become a global pandemic. The directors are mindful that the further spread and impact of Covid-19 could influence revenue levels within the Company. However, directors are confident that their actions and monitoring within the business will sufficiently mitigate its impact.

Whilst estimating the precise financial impact on the business, directors have performed scenario planning to consider the potential impact of Covid-19 on the Company's results and are satisfied that the business has adequate available resources to continue to operate for the foreseeable future. Further details of director's considerations are detailed within the Going Concern accounting policy.

Hive up of trade and assets

On 1 December 2019 the whole trade and assets of Cypad Limited was hived up into the Company.

Working capital facility renewal

In October 2020, the working capital facility of £7.5m was renewed with Lloyds Bank Plc, and increased to £11m.

PARENTPAY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2019**

28. Controlling party

The immediate and ultimate parent company is ParentPay (Holdings) Ltd. The registered address of ParentPay (Holdings) Ltd is 11 Kingsley Lodge, 13 New Cavendish Street, London, W1G 9UG.

Consolidated financial statements for ParentPay (Holdings) Ltd, being the largest and smallest group for which consolidated financial statements are prepared, are available from Companies House.