Registered number: 04513692

PARENTPAY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2017

PARENTPAY LIMITED

COMPANY INFORMATION

Directors	C A Wilson E A C Neubauer N J C Govett C Haley P Moran N Howard D Burgess (appointed 18 May 2017)
Company secretary	M D Thomas
Registered number	04513692
Registered office	11 Kingsley Lodge 13 New Cavendish Street London W1G 9UG
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 11/13 Penhill Road Cardiff South Glamorgan CF11 9UP

PARENTPAY LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2017

Introduction

The directors present their strategic report for the company for the year ended 30 November 2017.

Business review

The company continued to perform strongly throughout the year signing over 1,500 new school payment customers during the course of the year. This exceeded the previous record set in FY2016 despite signs of maturation in the English market for online payment systems for schools.

Significantly, a material proportion of new sales in England were made to former customers of our competitors who in some cases experienced over 10% churn in their installed base. In contrast, customer churn amongst the group's payment customers averaged less than 2% in the last 3 years. The business continues to make significant inroads into the market for online payments in Scotland and Wales, with numerous high-profile contract wins. This trend has continued in FY2018.

The group's acquisition of Isuz Limited, trading as Schoolcomms, in January 2017 enhanced the company's profile and sales proposition to schools. Schoolcomms is the leading provider of parental engagement software for secondary schools with a significant business in school online payments. Following the year-end, Schoolcomms was hived-up into ParentPay Limited and the businesses' sales teams were merged, with the Schoolcomms and ParentPay operations, development and administrative teams brought under common management.

These changes are expected to deliver operational efficiencies in the short term, and to improve our ability to cross-sell products in the medium term.

Financial key performance indicators

Turnover in ParentPay Limited for the year to 30 November 2017 was £16.0m (£12.3m in FY2016), 30% higher than in the previous financial year. Company earnings before tax rose by 19% from £5.1m to £6.0m. EBITDA increased by 42% from £5.5m to £7.8m, with the EBITDA margin increasing from 44% to 49%. This increase is a result of improvements in gross margins and the benefit of scale economies in operating overheads.

Principal risks and uncertainties

ParentPay Limited provides payment and communication services to over 7,000 schools and more than 3 million parents throughout the UK. If 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 heavily in its infrastructure, systems and software, has a dedicated security team, and is accredited to PCI level 1. System uptime averaged more than 99.9% during 2017, and despite a significantly higher number of support enquiries than anticipated towards the end of the 2016/17 academic year, average customer satisfaction was well above our target of 90% for the year. In anticipation of the introduction of new General Data Protection Regulations in May 2018, the business has continued to invest in its compliance systems and monitoring capabilities.

Future developments

Following the year end, in December 2017, the group acquired Cypad Limited, the UK's leading SaaS provider of catering management solutions to school caterers. This acquisition will allow ParentPay to offer a unique vertically integrated solution for school meals covering every aspect of the service including meal ordering, payment and production. We expect this acquisition to materially enhance our proposition in the primary school sector. Cypad is a profitable growth company, which is expected to make a material contribution to group earnings in the foreseeable future.

We expect earnings in ParentPay Limited to continue to grow strongly for foreseeable future as a result of: low churn rates; increasing annual spend per customer; a strong pipeline of new sales opportunities; and continued prudent cost control

The board expects to use the bulk of the cash generated over the coming years to fund further acquisitions both in the UK and Europe, with a view to building a pan European school payments and communications business.

This report was approved by the board on 28/09/2018 and signed on its behalf.

NJCGovett

N J C Govett
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2017

The directors present their report and the financial statements for the year ended 30 November 2017.

Principal activity

The principal activity of the company during the year was the provision of an online payment service for schools and families.

Results and dividends

The profit for the year, after taxation, amounted to £5,126,564 *(2016 - £4,511,814)*.

The company paid a dividend of £800,000 (*2016: £800,000)* during the year.

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.

Directors

The directors who served during the year were:

C A Wilson
E A C Neubauer
N J C Govett
C Haley
P Moran
N Howard
D Burgess (appointed 18 May 2017)

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 and 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 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 may differ from legislation in other jurisdictions.

Disclosure of information to auditor

The directors confirm that:

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

Post balance sheet events

On 1 December 2017, Isuz Limited's assets and liabilities were hived up into ParentPay Limited.

On 29 December 2017, ParentPay Limited acquired 100% of the shares of Cypad Limited. Further information on the acquisition is set out in Note 31.

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 28/09/2018 and signed on its behalf.

NJCGovett

N J C Govett
Director

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARENTPAY LIMITED

Opinion

We have audited the financial statements of Parentpay Limited for the year ended 30 November 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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 2017 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 United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

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.

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.

Grant Thornton

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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.

Grant Thornton

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 2, 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.

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.

Grant Thornton UK LLP

Rhian Owen
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff
Date: 28/09/2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2017

	Note	2017 £	*2016* *£*
Turnover	4	**15,884,589**	*12,253,198*
Cost of sales		**(3,383,127)**	*(2,873,952)*
Gross profit		**12,501,462**	*9,379,246*
Administrative expenses		**(6,373,061)**	*(4,424,246)*
Exceptional costs	13	**(25,240)**	-
Other operating income	5	**2,502**	-
Operating profit	6	**6,105,663**	*4,955,000*
Interest receivable and similar income	10	**82,214**	*98,645*
Interest payable and expenses	11	**(161,368)**	-
Profit before tax		**6,026,509**	*5,053,645*
Tax on profit	12	**(899,945)**	*(541,831)*
Profit for the financial year		**5,126,564**	*4,511,814*

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 *(2016: £Nil)*.

The notes on pages 10 to 28 form part of these financial statements.

PARENTPAY LIMITED
REGISTERED NUMBER:04513692

BALANCE SHEET
AS AT 30 NOVEMBER 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	14		**10,852,073**		*1,454,005*
Tangible assets	15		**484,544**		*576,577*
Investments	16		**752,513**		-
			12,089,130		*2,030,582*
Current assets					
Debtors: amounts falling due within one year	17	**7,304,996**		*6,496,057*	
Cash at bank and in hand	18	**2,650,272**		*1,811,635*	
		9,955,268		*8,307,692*	
Creditors: amounts falling due within one year	19	**(2,158,869)**		*(2,305,386)*	
Net current assets			**7,796,399**		*6,002,306*
Total assets less current liabilities			**19,885,529**		*8,032,888*
Creditors: amounts falling due after more than one year	20		**(7,500,000)**		-
Provisions for liabilities					
Deferred tax	22	**(329,020)**		*(302,943)*	
			(329,020)		*(302,943)*
Net assets			**12,056,509**		*7,729,945*
Capital and reserves					
Called up share capital	23		**78,446**		*78,446*
Share premium account	24		**177,173**		*177,173*
Profit and loss account	24		**11,800,890**		*7,474,326*
			12,056,509		*7,729,945*

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

NJCGovett

N J C Govett
Director

Date: 28/09/18

The notes on pages 10 to 28 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2015	78,646	177,173	3,762,512	4,018,331
Comprehensive income for the year				
Profit for the year	-	-	4,511,814	4,511,814
Dividends: Equity capital	-	-	(800,000)	(800,000)
Shares redeemed during the year	(200)	-	-	(200)
Total transactions with owners	(200)	-	(800,000)	(800,200)
At 1 December 2016	78,446	177,173	7,474,326	7,729,945
Comprehensive income for the year				
Profit for the year	-	-	5,126,564	5,126,564
Dividends: Equity capital	-	-	(800,000)	(800,000)
Total transactions with owners	-	-	(800,000)	(800,000)
At 30 November 2017	78,446	177,173	11,800,890	12,056,509

The notes on pages 10 to 28 form part of these financial statements.

1. General information

ParentPay Limited is a private company limited by shares, registered in England and Wales. Registered number 04513692. The registered office address is 11 Kingsley Lodge, 13 New Cavendish Street, London, W1G 9UG.

The financial statements are prepared in sterling, the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

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 accounting policies (see note 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 2017 and these financial statements may be obtained from 11 Kingsley Lodge, 13 New Cavendish Street, London, W1G 9UG.

2.3 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. Accounting policies (continued)

2.4 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

2.5 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.

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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
Motor vehicles	-	25% 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 the Statement of comprehensive income.

2.6 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.

2.7 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.

2. Accounting policies (continued)

2.8 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.

2.9 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.

2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

2. Accounting policies (continued)

2.11 Dividends

Equity dividends are recognised when they become legally payable.

2.12 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.13 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 the Statement of comprehensive income 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.

2.14 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.15 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 the Statement of comprehensive income 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.

2. Accounting policies (continued)

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, 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.

2.17 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.

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

The preparation of financial statements in conformity with generally accepted accounting practices requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

The key sources of judgement and estimate uncertainty applied in these accounts are:

Amortisation of intangible assets
The determination of an amortisation policy requires management to make an assessment of the expected useful life of the underlying asset. In this instance, the asset is a software platform and its useful life is largely impact by technological change. Where management consider the remaining useful life of the asset is no longer appropriate, this is amended prospectively with any associated impairment indicators also then considered with reference to anticipated future cashflows.

Valuation of debtors
Debtors, incorporating trade, intercompany and other debtor balances (as detailed in note 17) are reviewed periodically by management for evidence of impairment with reference to the financial position of the counterparty. Where it is anticipated that a balance will not be recovered in full, an impairment charge is recognised.

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

	2017 £	*2016* *£*
Other operating income	**2,502**	-
	2,502	-

6. Operating profit

The operating profit is stated after charging:

	2017 £	*2016* *£*
Depreciation of tangible fixed assets	**68,932**	*273,814*
Amortisation of intangible assets, including goodwill	**1,440,819**	*116,826*
Other operating lease rentals	**122,915**	*116,821*

7. Auditor's remuneration

	2017 £	*2016 £*
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**17,500**	*11,750*

8. Employees

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

	2017 £	*2016 £*
Wages and salaries	**2,770,747**	*2,824,342*
Social security costs	**255,460**	*282,137*
Cost of defined contribution scheme	**56,372**	*49,970*
	3,082,579	*3,156,449*

The above costs include £619,540 *(2016: £610,670)* capitalised as a software development asset.

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

	2017 No.	*2016 No.*
Employees	**104**	*92*

9. Directors' remuneration

	2017 £	*2016 £*
Directors' emoluments	**159,965**	*154,989*
Directors pension costs	**4,351**	*3,043*
	164,316	*158,032*

During the year retirement benefits were accruing to 2 directors *(2016 - 2)* in respect of defined contribution pension schemes.

10. Interest receivable

	2017 £	2016 £
Other interest receivable	82,214	98,645

11. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	1,067	-
Loans from group undertakings	160,301	-

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	873,873	476,494
Adjustments in respect of previous periods	(5)	-
Deferred tax		
Origination and reversal of timing differences	28,996	88,876
Changes to tax rates	(497)	(15,944)
Adjustments in respect of previous periods	(2,422)	(7,595)
Taxation on profit on ordinary activities	899,945	541,831

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2016 - lower than)* the standard rate of corporation tax in the UK of 19.33% *(2016 - 20%)*. The differences are explained below:

	2017 £	*2016 £*
Profit on ordinary activities before tax	**6,026,509**	*5,053,645*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.33% (2016 - 20%)	**1,164,924**	*1,010,729*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**2,740**	*9,734*
Adjustments to tax charge in respect of prior periods	**(2,427)**	*(11,575)*
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	**(110,106)**	*(151,684)*
Change in tax rate	**(497)**	*(15,944)*
Group relief	**(324,571)**	*(299,429)*
Other adjustments	**169,882**	-
Total tax charge for the year	**899,945**	*541,831*

Factors that may affect future tax charges

Finance Act 2016, which received Royal Assent on 15 September 2016 includes legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020.

13. Exceptional items

	2017 £	*2016 £*
Exceptional items - relating to acquisition of Isuz Limited	**25,240**	-

14. Intangible assets

	Software Development Costs £	Goodwill £	Total £
Cost			
At 1 December 2016	2,105,746	-	2,105,746
Additions	832,651	10,006,236	10,838,887
At 30 November 2017	2,938,397	10,006,236	12,944,633
Amortisation			
At 1 December 2016	651,741	-	651,741
Charge for the year	580,009	860,810	1,440,819
At 30 November 2017	1,231,750	860,810	2,092,560
Net book value			
At 30 November 2017	1,706,647	9,145,426	10,852,073
At 30 November 2016	*1,454,005*	*-*	*1,454,005*

15. Tangible fixed assets

	Short-term leasehold premises £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment & software £	Total £
Cost or valuation						
At 1 December 2016	87,824	42,558	126,730	10,729	1,000,955	1,268,796
Additions	56,911	-	6,439	-	1,662	65,012
Disposals	-	(42,558)	(10,128)	(385)	(62,527)	(115,598)
At 30 November 2017	144,735	-	123,041	10,344	940,090	1,218,210
Depreciation						
At 1 December 2016	39,521	27,485	52,154	4,794	568,265	692,219
Charge for the year on owned assets	24,164	-	19,695	2,082	22,991	68,932
Disposals	-	(27,485)	-	-	-	(27,485)
At 30 November 2017	63,685	-	71,849	6,876	591,256	733,666
Net book value						
At 30 November 2017	81,050	-	51,192	3,468	348,834	484,544
At 30 November 2016	*48,303*	*15,073*	*74,576*	*5,935*	*432,690*	*576,577*

16. Fixed asset investments

	Investments in subsidiary companies £
Additions	**752,513**
At 30 November 2017	**752,513**
At 30 November 2016	-

Subsidiary undertakings

ParentPay Limited acquired 100% of the share capital of Isuz Limited on 20 January 2017, for equity consideration of £10,542,949.

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Isuz Limited	Ordinary	100 %	Information technology software

The aggregate of the share capital and reserves as at 30 November 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Isuz Limited	2,067,916	1,316,657
	2,067,916	**1,316,657**

17. Debtors

	2017 £	2016 £
Trade debtors	234,136	240,537
Amounts owed by group undertakings	5,048,011	4,439,947
Other debtors	448,677	1,367,361
Prepayments and accrued income	1,457,981	343,332
S455 Tax	116,191	104,880
	7,304,996	6,496,057

Included within other debtors are loans to directors amounting to £448,010 *(2016: £430,472)* which bear interest at 4% per annum. The maximum amount outstanding during the year was £448,010 *(2016: £430,472)*.

Included in amounts owed by group undertakings is a balance of £Nil *(2016: £1,562,287)* due from fellow subsidiary Nimbl Limited.

18. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	2,650,272	1,811,635

At the year end ParentPay Limited held client account balances totalling £16,868,200 *(2016: £9,650,460)*. 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.

19. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	194,686	140,128
Corporation tax	1,094,858	295,396
Other taxation and social security	458,875	412,421
Other creditors	36,020	9,166
Accruals and deferred income	374,430	1,448,275
	2,158,869	2,305,386

The company is subject to an unlimited debenture held by Lloyds Bank Plc dated 16 May 2003 incorporating a fixed and floating charge over the assets of the company.

20. Creditors: Amounts falling due after more than one year

	2017	2016
	£	£
Amounts owed to group undertakings	**7,500,000**	-

The loan is from the parent company, ParentPay (Holdings) Limited and bears interest at base rate plus 2%. The loan is repayable on 31 January 2022.

21. Financial instruments

	2017	2016
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	**2,650,272**	*1,811,635*
Financial assets that are debt instruments measured at amortised cost	**6,483,337**	*6,047,845*
Financial assets that are equity instruments measured at cost less impairment	-	-
	9,133,609	*7,859,480*
Financial liabilities		
Financial liabilities measured at amortised cost	**(8,182,724)**	*(469,569)*

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise investments, trade debtors, amounts owed from group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise loans, trade creditors and other creditors.

22. Deferred taxation

	2017 £	2016 £
At beginning of year	(302,943)	*(237,606)*
Charged to profit or loss	(28,499)	*(65,337)*
Utilised in year	2,422	-
At end of year	**(329,020)**	*(302,943)*

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Fixed asset timing differences	(329,020)	*(302,943)*

23. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
78,446 Ordinary A shares of £1 each	78,446	*78,446*

24. 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.

25. Dividends

	2017 £	2016 £
Dividends paid	800,000	*800,000*

26. Business combinations

Isuz Limited, a 100% owned subsidiary, was acquired on 20 January 2017. The acquisition method of accounting has been applied.

Acquisition of Isuz Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustment £	Fair value £
Tangible	23,954	-	23,954
	23,954	-	23,954
Debtors	1,017,709	-	1,017,709
Cash at bank and in hand	2,353,512	-	2,353,512
Total assets	3,395,175	-	3,395,175
Due within one year	(2,642,662)	-	(2,642,662)
Total identifiable net assets	752,513	-	752,513
Goodwill			10,006,236
Total purchase consideration			10,758,749

Consideration

	£
Equity instruments issued as purchase consideration	10,542,949
Directly attributable costs	215,800
Total purchase consideration	10,758,749

26. Business combinations (continued)

Cash outflow on acquisition

	£
Directly attributable costs	**215,800**
	215,800
Less: Cash and cash equivalents acquired	**2,353,512**
Net cash outflow on acquistion	**2,569,312**

The results of Isuz Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover	**4,210,102**
Profit for the year	**1,267,566**

27. 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 £56,372 *(2016: £49,970)*. Contributions totalling £9,077 *(2016: £9,166)* were payable to the fund at the balance sheet date.

28. Commitments under operating leases

At 30 November 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	*2016 £*
Not later than 1 year	**142,944**	*130,189*
Later than 1 year and not later than 5 years	**395,037**	*384,264*
Later than 5 years	**146,170**	*234,000*
	684,151	*748,453*

29. Related party transactions

During the year the company had loans to directors on which interest was charged at 4% resulting in interest income of £17,540 *(2016: £16,556)*. The balance on those loans at year end was £448,010 *(2016: £430,472)*.

Expenses of £4,512 *(2016: £22,215)* were incurred from companies under common control in respect of the services of a director. The balance due to companies under common control at year end was £Nil *(2016: £Nil)*.

30. Post balance sheet events

On 1 December 2017, Isuz Limited's assets and liabilities were hived up into ParentPay Limited.

On 29 December 2017, ParentPay Limited purchased the entire share capital of Cypad Limited for cash consideration of approximately £4,393,750 of which £2,143,750 is contingent on future performance and payable over two years. The transaction was funded from cash reserves. The unaudited net assets of Cypad Limited on the completion date totalled £304,940.

31. Controlling party

ParentPay (Holdings) Ltd is the company's ultimate parent company. The registered address of ParentPay (Holdings) Limited is 11 Kingsley Lodge, 13 New Cavendish Street, London, W1G 9UG. Consolidated financial statements are prepared. These are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors consider that there is no ultimate controlling party.