Registered number 05134454

ParkingEye Limited

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2019

Contents

Contents	Page
Company information	2
Strategic report	3
Directors' report	6
Independent auditors' report to the members of ParkingEye Limited	9
Income Statement	11
Balance Sheet	12
Statement of changes in equity	13
Notes to the financial statements	14

COMPANY INFORMATION

Directors
Philip Boynes
Sian Wicks

Secretary
Oakwood Corporate Secretary Limited

Registered number
05134454

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

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

Bankers
Barclays Bank plc
77 Albion Street
Leeds
LS1 5LD

Solicitors
Slaughter and May
One Bunhill Row
London
EC1Y 8YY

STRATEGIC REPORT
For the year ended 31 December 2019

The directors present their strategic report for ParkingEye Limited ("the Company") for the year ended 31 December 2019.

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

Business review and KPIs
The Company was formerly owned by Capita plc. In November 2018, the Company was acquired by Peggy Bidco Limited. These Financial Statements show the results for the year ended 31 December 2019 with comparative numbers for the year ending 31 December 2018 which include trading under both old and new owners.

Revenue for the year was £45.1m (2018: £41.7m), an increase of 8%, due to an increase in the number of car parks under management. Cost of sales have been broadly consistent with a gross profit margin 58.4% for the year ending 31 December 2019 compared with 58.8% for the year ending 31 December 2018. Operating profit decreased by £0.6m to £13.0m as headcount increased to support the growing needs of the business.

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

	2019	2018
	£m	£m
Revenue	**45.1**	41.7
Adjusted EBITDA †	**21.0**	19.2

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

	2019	2018
	£ 000	£ 000
Operating profit	**12,997**	13,590
Depreciation	**5,593**	3,706
Amortisation	**262**	61
EBITDA	**18,852**	17,357
Exceptional items	**404**	502
Non-recurring costs	**1,700**	-
Lease rentals paid to group companies	**-**	1,331
Adjusted EBITDA	**20,956**	19,190

Lease rentals and non-recurring costs are not separately disclosed within the primary statements or notes to the financial statements. The Company has adopted IFRS 16 leases retrospectively from 1 January 2019 (Note 18).

Exceptional items comprise legal and professional fees associated with proposed acquisitions made during the period and resulting restructuring costs. Non-recurring costs are other one-off costs that management exclude for monitoring performance. These costs were incurred largely as a result of the separation from Capita plc (previously the ultimate parent company of ParkingEye Limited) and include recruitment and other dual running costs of £0.8m, legal and professional fees of £0.4m and £0.5m mainly relating to costs of the Board including training and one off project costs.

Current balance sheet position

At 31 December 2019, net assets were £35,036,000 (31 December 2018: £22,393,000).

Section 172 (1) statement

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

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

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

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

Employees

The Company has continued to consult and discuss with employees on all matters likely to affect their interests and all employees are aware of the financial and economic performance of the Company. There are monthly head of department meetings with the CEO and an annual strategy meeting for senior management. Appropriate information is cascaded regularly to employees via heads of department. Information is also provided via a newsletter. In 2020 employee surveys are being conducted to gain feedback on employee engagement and to generate feedback on which information employees would like more on. A focus group is run by the HR Director with regard to Company core values.

There were no principal decisions made in the financial year. Employee interests were central to principal decisions made in 2020 with the Company making use of the UK Government's Coronavirus Job Retention Scheme.

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

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

Customers

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

Suppliers

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

STRATEGIC REPORT (continued)
For the year ended 31 December 2019

Community and the environment

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

Standards and conduct

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

Principal risks and uncertainties

Operating environment

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

Technology

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

Brexit

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

Financial risk management

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

Future developments

The Directors anticipate continuing organic growth following the acquisition of ParkingEye Limited from Capita plc in November 2018. The Company intends to pursue further acquisitions of similar businesses as well as continue to seek and evaluate lateral opportunities where appropriate. The business will continue to provide a wide range of ANPR, Pay & Display, permit and manned solutions to assist the control and where appropriate enforcement of managed car parks for businesses and their users across the UK.

This report was approved by the Board on 16 November 2020 and signed on its behalf by

Philip Boynes
Director
16 November 2020

DocuSigned by:
Philip Boynes
4A175C1B54DD42F...

DIRECTORS' REPORT
For the year ended 31 December 2019

The directors present their annual report and the audited Financial Statements of ParkingEye Limited ("the Company") for the year ended 31 December 2019.

Results and dividends
The result for the year was a profit before tax of £12.8m (2018: £13.6m). The Directors do not recommend the payment of a dividend. (2018: £5.0m).

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

Philip Boynes
Sian Wicks (Appointed 8 April 2019)
Raja Taj (Resigned 31 October 2019)
Christopher Ashburn (Resigned 24 January 2019)
Capita Corporate Director (Resigned 24 January 2019)

The Company holds indemnity insurance for Directors' liability.

Employees
The Company has continued to consult and discuss with employees on all matters likely to affect their interests and all employees are aware of the financial and economic performance of the Company. There are monthly head of department meetings with the CEO and an annual strategy meeting for senior management. Appropriate information is cascaded regularly to employees via heads of department. Information is also provided via newsletter. In 2020 employee surveys are being conducted to gain feedback on employee engagement and to generate feedback on which information employees would like more on. A focus group is run by the HR Director with regard to company core values.

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

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

Stakeholder and Employee Engagement
Stakeholder and Employee Engagement are detailed within the Strategic Report.

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

Going concern
The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. Due to the nature of the Company and relationship

DIRECTORS' REPORT (continued)
For the year ended 31 December 2019

Going concern (continued)
with other group companies, the directors have considered the going concern assessment of the Company alongside that of the Group.

The directors have considered the current Covid-19 impacted economic environment and the financial support available to the Company. In a downside scenario involving a period of significantly reduced revenue, there exists a risk of both non-compliance with covenant tests within the borrowing facilities, and with the adequacy of the available financing facilities. The Directors consider there to be a number of mitigating actions which could be employed should this scenario present itself, including cost reduction measures and seeking support from shareholders and lenders and as a result consider the assessment of going concern to be reasonable.

As the support from shareholders and lenders has not formally been agreed at the time of signing the financial statements, these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations
In the case of each Director in office at the date the Directors' Report is approved:
- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' REPORT (continued)
For the year ended 31 December 2019

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

Post Balance Sheet Events
During the first quarter of 2020 and at the time of approval of these financial statements, the novel strain of Coronavirus (Covid-19) was declared as a pandemic by the World Health Organisation. In order to reduce the spread of the virus the response of the UK Government has been to initiate a substantial reduction in the operations of commercial organisations leading to reduced demand for many products and services including some of the services of the Company.

The Directors have considered the impacts of Covid-19 on the Company and have made an assessment on the possible impacts of changes in demand for the Company's services. These assessments have been used to update financial forecasts in order to assess the future foreseeable viability of the Company. At the time of the approval of these financial statements, the Company is forecasting to continue operating as a profitable and sustainable business.

To date, the Company has successfully negotiated the current restrictions. The Directors believe the Company is well placed to manage the challenges ahead and will continue as a going concern for the foreseeable future, being at least twelve months from the date of approval of these financial statements.

Other than Covid-19 which is a non-adjusting post balance sheet event, there have been no material post balance sheet events.

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

This report was approved by the Board on 16 November 2020 and signed on its behalf by

DocuSigned by:
Philip Boynes
4A175C1B54DD42F...

Philip Boynes
Director
16 November 2020

Independent auditors' report to the members of ParkingEye Limited

Report on the audit of the financial statements

Opinion

In our opinion, ParkingEye Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the income statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.3 to the financial statements concerning the company's ability to continue as a going concern. The directors have considered the current Covid-19 impacted economic environment and the financial support available to the company. In a downside scenario involving a period of significantly reduced revenue, there exists a risk of both non compliance with covenant tests within the borrowing facilities, and with the adequacy of the available financing facilities. These conditions, along with the other matters explained in note 2.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Kate Finn

Kate Finn (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
16 November 2020

INCOME STATEMENT
For the year ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Revenue	4	**45,101**	41,660
Cost of sales		**(18,758)**	(17,150)
Gross profit		**26,343**	24,510
Administrative expenses		**(13,346)**	(10,920)
Operating profit	5	**12,997**	13,590
Operating profit before exceptional items		**13,401**	14,092
Exceptional items		**(404)**	(502)
Operating profit	5	**12,997**	13,590
Finance costs	6	**(192)**	-
Profit before tax		**12,805**	13,590
Income tax	8	**(93)**	(2,580)
Profit for the year		**12,712**	11,010

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

BALANCE SHEET
As at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Non-current assets			
Intangible assets	9	**1,466**	222
Property plant and equipment	10	**25,315**	18,301
Right-of-use assets	16	**2,388**	-
Deferred tax	14	**230**	374
		29,399	18,897
Current assets			
Trade and other receivables	11	**10,938**	5,964
Cash at bank and in hand		**4,487**	7,065
Current tax asset		**989**	-
		16,414	13,029
Creditors: amounts falling due within one year			
Trade and other payables	12	**(8,139)**	(7,531)
Lease liabilities	16	**(764)**	-
Current tax liability		**-**	(1,857)
		(8,903)	(9,388)
Net current assets		**7,511**	**3,641**
Total assets less current liabilities		**36,910**	**22,538**
Creditors: amounts falling due after more than one year			
Lease liabilities	16	**(1,756)**	-
Provisions	13	**(145)**	(145)
		(1,901)	(145)
Net assets		**35,009**	**22,393**
Equity			
Called up Share capital	15	**7**	7
Share premium account		**743**	743
Capital redemption reserve		**337**	337
Retained earnings		**33,922**	21,306
Total shareholders' funds		**35,009**	22,393

The Company has applied IFRS16 effective from 1 January 2019 using the modified retrospective approach. See note 18. The financial statements on pages 12 to 28 were approved and authorised for issue by the board on 16 November 2020 and were signed on its behalf by

Philip Boynes
Director

DocuSigned by:
Philip Boynes
4A175C1B54DD42F...

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total shareholders' funds
	£ 000	£ 000	£ 000	£ 000	£ 000
At 1 January 2018	7	743	337	15,296	**16,383**
Profit for the year	-	-	-	11,010	**11,010**
Dividend paid (note 15)	-	-	-	(5,000)	**(5,000)**
At 31 December 2018	7	743	337	21,306	**22,393**
Effect of adoption of IFRS 16 leases	-	-	-	(96)	**(96)**
Adjusted balance at 1 January 2019	7	743	337	21,210	**22,297**
Profit for the year	-	-	-	12,712	**12,712**
At 31 December 2019	**7**	**743**	**337**	**33,922**	**35,009**

Called up Share capital (note 15)
Share capital is the nominal proceeds from issue of equity shares.

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

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

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

1 General information

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

The Company is a private company, limited by shares. It is registered in England and Wales under the Companies Act 2006 and is domiciled in the United Kingdom. The address of its registered office is 40 Eaton Avenue, Buckshaw Village, Chorley, Lancashire, PR7 7NA.

2 Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 'Financial Instruments: Disclosures';
- the requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement';
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 'Property, Plant and Equipment';
  - paragraph 118(e) of IAS 38 'Intangible Assets';
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements';
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies', 'Changes in Accounting Estimates and Errors';
- the requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures';
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

2.3 Going concern

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

As discussed in the Directors' Report, the Directors have considered the current Covid-19 impacted economic environment and the financial support available to the Company. In a downside scenario involving a period of significantly reduced revenue, there exists a risk of both non-compliance with covenant tests within the borrowing facilities, and with the adequacy of the available financing facilities. The Directors consider there to be a number of mitigating actions which could be employed should this scenario present itself, including cost reduction measures and seeking support from shareholders and lenders and as a result consider the assessment of going concern to be reasonable.

2 Accounting policies *(continued)*

2.3 Going concern (continued)

As the support from shareholders and lenders has not formally been agreed at the time of signing the financial statements, these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

The Company has sufficient financial resources together with long-standing relationships with clients and suppliers. As a consequence, the Directors believe that the Company is well placed to manage business risks successfully. After reviewing the Company's budgets and forecasts, the Directors have reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.4 Revenue

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

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

2.5 Property plant and equipment

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

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

2.6 Intangible assets

Intangible assets represent the costs of acquiring and implementing third party software and are amortised over the expected useful life of 3 years.

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

2.7 Trade and other receivables

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

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

2.8 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Accounting policies *(continued)*

2.9 Financial instruments

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

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

2.10 Current and deferred taxation

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

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

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

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

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

2.11 Provisions for liabilities and charges

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

2.12 Leases

The Company leases various properties, motor vehicles, car parks, tools and computer equipment. Rental contracts are typically made for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held. Leased assets may not be used as security for borrowing purposes.

2 Accounting policies *(continued)*

2.12 Leases (continued)

Up to 31 December 2018, leases of property, plant and equipment were classified as either finance leases or operating leases, see note 18 for details. Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases under IAS 17. Rentals under operating leases were charged on a straight-line basis over the lease term, even if the payments were not made on this basis. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

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

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

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

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

2.13 Pensions

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

2.14 New Standards, amendments and IFRIC interpretations

IFRS 16 is a new accounting standard which is effective for the year ended 31 December 2019. This has had a material impact on the Company's financial statements as per note 18. There are no other amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the Company's financial statements.

2.15 Foreign currencies

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

2.16 Impairment

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

2 Accounting policies *(continued*

2.17 Exceptional items

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

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

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

Revenue recognition

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

Useful economic lives of fixed assets

The cost of tangible and intangible fixed assets is charged to the Income Statement over the Directors' best estimate of the useful lives as set out in notes 2.6 and 2.7 above. A reduction of 1 year in the useful life of all tangible assets would result in circa £1m additional depreciation.

Leases

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

4 Revenue

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

5 Operating profit

	2019	2018
	£ 000	£ 000
Depreciation of property, plant and equipment	**4,897**	3,706
Depreciation of right-of-use assets	**696**	-
Amortisation of intangible assets	**262**	61
Lease rentals - plant and machinery †	**-**	1,731
Lease rentals - land and buildings †	**-**	324
Auditors' remuneration		
audit of the financial statements	**40**	60
audit of the financial statements of other group companies	**21**	28
taxation services	**20**	10

† reported within administrative expenses in the Income Statement. The Company has adopted IFRS 16 leases retrospectively from 1 January 2019 (Note 18).

6 Finance costs

	2019	2018
	£ 000	£ 000
Interest payable for lease liabilities	**192**	-

The Company has adopted IFRS 16 leases retrospectively from 1 January 2019 (Note 18).

7 Employees and directors

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

	2019	2018
	number	Number
Administration	**15**	10
Management	**12**	6
Operations	**341**	317
	368	333

Their aggregate remuneration comprised

	2019	2018
	£ 000	£ 000
Wages and salaries	**7,874**	7,694
Social security costs	**686**	574
Other pension costs - defined contribution scheme	**227**	129
	8,787	8,397

The Company operates defined contribution schemes for all eligible employees. No amounts were outstanding at 31 December 2019 or 31 December 2018.

Remuneration for directors was:

	2019	2018
	£ 000	£ 000
Remuneration for qualifying service	**669**	323
Long term incentive †	**-**	620
Contributions to defined contribution pension schemes	**8**	23
	677	966

Three directors were employed in executive roles and receive remuneration, including contributions to a defined contribution pension scheme. Other directors served in a non-executive capacity and were remunerated by their respective employers. £25,000 was paid as compensation for loss of office in the year (2018: £nil). No director is accruing post-retirement benefits payable by the Company.

7 Employees and Directors (continued)

The highest paid director's remuneration was:

	2019	2018
	£ 000	£ 000
Remuneration for qualifying service	**265**	231
Long term incentive †	**-**	407
Contributions to defined contribution pension schemes	**3**	22
	268	660

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

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

8 Income tax

	2019	2018
	£ 000	£ 000
Corporation tax		
Current tax on profits for the year	**-**	2,443
Adjustments in respect of previous periods	**(51)**	-
Total current tax	**(51)**	2,443
Deferred tax		
Origination and reversal of timing differences	**144**	153
Effect of changes in tax rates	**-**	(16)
Adjustments in respect of previous periods	**-**	-
	144	137
Total income tax charge	**93**	2,580

8 Income tax (continued)

The tax assessed for the year is not equal to the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below

	2019	2018
	£ 000	£ 000
Profit before tax	**12,805**	13,590
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	**2,433**	2,582
Effects of		
Adjustments in respect of previous periods	**(51)**	-
Expenses not deductible	**(103)**	72
Changes in tax rates	**-**	(16)
Group relief	**(2,186)**	(58)
Total charge for the year	**93**	2,580

A reduction to the UK tax rate was announced in the Budget on 16 March 2016 and was substantively enacted on 6 September 2016. The change reduced the corporation tax rate applicable from 1 April 2020 to 17%. In the budget on 11 March 2020 it was announced that the UK tax rate from 1 April 2020 would remain at 19%. This was substantively enacted on 17 March 2020. As this change was after the 31 December 2019 it has not been reflected in these financial statements.

9 Intangible assets

	Purchased software £ 000
Cost or valuation	
At 1 January 2019	303
Additions	1,506
Disposals	-
At 31 December 2019	**1,809**
Accumulated amortisation	
At 1 January 2019	81
Charge for year	262
Disposals	-
At 31 December 2019	**343**
Net book value	
At 31 December 2018	222
At 31 December 2019	**1,466**

10 Property Plant and Equipment

	Land and Buildings £ 000	Fixtures and fittings £ 000	Computer equipment £ 000	Total £ 000
At 1 January 2019				
Cost	29	15,481	10,281	**25,791**
Accumulated amortisation	(21)	(2,951)	(4,518)	**(7,490)**
Net book amount	**8**	**12,530**	**5,763**	**18,301**
Year ended 31 December 2019				
Opening net book amount	8	12,530	5,763	**18,301**
Additions	4	9,533	2,374	**11,911**
Write off - cost	-	(310)	(3,175)	**(3,485)**
Depreciation charge	-	(2,495)	(2,402)	**(4,897)**
Write off - depreciation	-	310	3,175	**3,485**
Closing net book amount	**12**	**19,568**	**5,735**	**25,315**
At 31 December 2019				
Cost	33	24,704	9,480	**34,217**
Accumulated amortisation	(21)	(5,136)	(3,745)	**(8,902)**
Net book amount	**12**	**19,568**	**5,735**	**25,315**

During the year the Company reviewed all Property, Plant and Equipment and wrote off several assets. The Cost and Depreciation of these assets were £3,485,000 with a net book value of £nil.

11 Trade and other receivables

	2019	2018
	£ 000	£ 000
Trade receivables	4,912	5,201
Amounts owed by other group undertakings	5,349	-
Prepayment and accrued income	525	264
Other debtors	152	499
	10,938	5,964

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

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. There was no provision for impairment. (2018 £nil).

12 Trade and other payables

	2019	2018
	£ 000	£ 000
Trade creditors	5,664	4,062
Accruals and deferred income	1,020	1,597
Other creditors	170	412
Other tax and social security	1,285	1,379
Amounts due to other group undertakings	-	81
	8,139	7,531

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13 Provisions

	31 December 2019	31 December 2018
	£ 000	£ 000
Provisions for liabilities and charges	145	145

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

14 Deferred tax

	31 December 2019	31 December 2018
	£ 000	£ 000
At beginning of year	**374**	511
Deferred tax charged for the year	**(144)**	(137)
At end of year	**230**	374

There are no unrecognised deferred tax assets or liabilities.

15 Called up Share capital

	31 December 2019	31 December 2018
	£ 000	£ 000
Shares classified as equity		
Allotted, called up and fully paid		
6,535 (2018: 6,535) Ordinary shares of £1 each	**7**	7

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

In 2018, a dividend of £765.11 per share, totalling £5.0m was paid to the former owners of the business. There was no dividend paid in 2019.

16 Leases

The balance sheet shows the following amounts relating to leases:

	31 December 2019	1 January 2019
Right-of-use assets	**£ 000**	£ 000
Motor Vehicles	**570**	535
Land and buildings	**1,732**	1,753
Tools and equipment	**46**	27
Computer equipment	**40**	-
	2,388	2,315
Lease liabilities		
Within 1 year	**764**	630
Between 1 and 5 years	**1,519**	1,503
Later than 5 years	**237**	279
	2,520	2,412

In the previous year, the Company did not have any lease assets or lease liabilities that were classified as 'finance leases' under IAS 17 Leases. For adjustments recognised on adoption of IFRS16 on 1 January 2019, please refer to note 19.

16 Leases (continued)

Additions to the right-of-use assets during the 2019 financial year were £769,000 as shown below:

	2019
	£ 000
Motor Vehicles	315
Land and buildings	358
Tools and equipment	47
Computer equipment	49
	769

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

	2019
Depreciation charge of right-of use assets	**£ 000**
Motor Vehicles	280
Land and buildings	379
Tools and equipment	28
Computer equipment	9
	696

The total cash outflow for leases in 2019 was £853,000 (2018: £626,000).

Lease liability movements during the 2019 financial year were as follows:

	2019
	£ 000
Lease liabilities 1 January 2019	2,412
Interest expense	192
Lease additions	769
Lease repayments	(853)
Lease liabilities 31 December 2019	**2,520**

17 Ultimate group undertaking

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

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

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

18 Changes in accounting policies

The Company has adopted IFRS 16 leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policy for leases is disclosed in note 2.12.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases.

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

	31 December 2019	31 December 2018
Land and buildings	**£ 000**	£ 000
Payable within one year	-	221
Payable between 1 and 5 years	-	556
	-	777
Other		
Payable within one year	-	319
Payable between 1 and 5 years	-	411
	-	730

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.7%. There were no leases previously classified as finance leases.
In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IFRIC4 Determining whether an Arrangement contains a Lease.

18 Changes in accounting policies (continued)

Measurement of lease liabilities:

	2019
	£ 000
Operating lease commitments disclosed as at 31 December 2018	1,507
Discounted using the lessee's incremental borrowing rate at the date of initial application	(275)
Add contracts reassessed as lease contracts*	1,180
Lease liability recognised as at 1 January 2019	2,412
Of which are:	
Current lease liabilities	630
Non-current lease liabilities	1,782
	2,412

* Relates to Land and buildings and Tools and equipment not previously disclosed as operating lease commitments.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets increased by £2,315,000.
- Lease liabilities increased by £2,412,000.
- The net impact on retained earnings on 1 January 2019 was a decrease of £96,000.

19 Post Balance Sheet Event

During the first quarter of 2020 and at the time of approval of these financial statements, the novel strain of Coronavirus (Covid-19) was declared as a pandemic by the World Health Organisation. In order to reduce the spread of the virus the response of the UK Government has been to initiate a substantial reduction in the operations of commercial organisations leading to reduced demand for many products and services including some of the services of the Company.

The Directors have considered the impacts of Covid-19 on the Company and have made an assessment on the possible impacts of changes in demand for the Company's services. These assessments have been used to update financial forecasts in order to assess the future foreseeable viability of the Company. At the time of the approval of these financial statements, the Company is forecasting to continue operating as a profitable and sustainable business.

To date, the Company has successfully negotiated the current restrictions. The Directors believe the Company is well placed to manage the challenges ahead and will continue as a going concern for the foreseeable future, being at least twelve months from the date of approval of these financial statements.

Other than Covid-19 which is a non-adjusting post balance sheet event, there have been no material post balance sheet events.