

Company number 02823519

**George Watt Limited**

**Report and financial statements**

**For the period from 27 March 2010 to 25 March 2011**

WEDNESDAY



\*L3ZGTYB5\*

LD5

12/10/2011

29

COMPANIES HOUSE

---

**George Watt Limited**

**REPORT AND FINANCIAL STATEMENTS**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Independent auditors' report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8</b>

---

---

**George Watt Limited**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J L Cooper  
J P Scott

**COMPANY SECRETARY**

A Campbell

**REGISTERED OFFICE**

6th Floor Offices  
Centre Tower  
Whitgift Centre  
Croydon  
Surrey CR0 1LP

**SOLICITORS**

Travers Smith  
10 Snow Hill, London  
EC1A 2AL

Ashurst Morris Crisp  
5 Appold Street  
London EC2A 2HA

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

## **George Watt Limited**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for George Watt Limited ("the Company") for the period from 27 March 2010 to 25 March 2011

#### **PRINCIPAL ACTIVITIES**

The principal activity of the Company continues to be the provision and management of car parking facilities. The directors do not envisage any change in the principal activities during the forthcoming period.

#### **BUSINESS REVIEW**

The trading results are shown in the profit and loss account on page 6.

As at 25 March 2011, the Company had net liabilities of £6.3 million (26 March 2010: net liabilities of £3.8 million).

#### **GOING CONCERN**

As at the balance sheet date, the Company had net liabilities. The directors have received confirmation from MEIF II CP Holdings 1 Limited that it will, to the extent that it is able, provide such financial assistance to the Company to allow the Company to meet liabilities as they fall due for a period of twelve months from the date of approval of these financial statements.

A full and detailed assessment of going concern has been carried out by the directors in the period.

As part of this process detailed cash flow forecasts for the Group, comprising MEIF II CP Holdings 1 Limited and its subsidiaries, have been produced for a period of 18 months from the date of this report and a number of downside business case scenarios have been used as sensitivities. Based on these forecasts, the Group is dependent upon a future cash injection being made available by the Group's ultimate parent, Macquarie European Infrastructure Fund II. This is necessary to cure the financial covenant default under the Group's senior debt facilities which is currently forecast to occur in respect of the March 2012 testing date, to ensure continued compliance with such financial covenants, and to ensure adequate liquidity for the Group to continue as a going concern.

Macquarie European Infrastructure Fund II has confirmed to the directors of MEIF II CP Holdings 1 Limited that it will consider providing a further cash injection to the Group in due course. In determining whether to provide such a cash injection Macquarie European Infrastructure Fund II will take into account the return it expects from such investment, which will be dependent on trading conditions at the time and discussions with landlords and lenders to the Group resulting in the Group being placed on a sustainable capital structure.

Nevertheless after making enquiries and considering the uncertainties described above, the directors have concluded that preparing the financial statements on a going concern basis is appropriate.

#### **DIVIDENDS**

The directors do not recommend the payment of a dividend (period ended 26 March 2010: £nil).

#### **DIRECTORS**

The directors who held office throughout the period and up to the date of signing the financial statements were as follows:

A D Potter	Resigned 23 November 2010
J P Walbridge	Resigned 4 April 2011
J L Cooper	Appointed 23 November 2010
J P Scott	

#### **DIRECTORS' INDEMNITIES**

The company has maintained qualifying third party indemnity insurance throughout the period and up to the date of signing the financial statements on behalf of its directors and officers.

## **George Watt Limited**

### **DIRECTORS' REPORT (continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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 period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This directors' report has been prepared in accordance with the special provisions within Part 15 of the Companies Act 2006 relating to small companies.

Approved by the board of directors  
and signed on its behalf by



J P Scott  
Director  
16 September 2011

## **George Watt Limited**

### **INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF GEORGE WATT LIMITED**

We have audited the financial statements of George Watt Limited for the period ended 25 March 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 25 March 2011 and of its loss for the period 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

#### **Emphasis of matter – going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the Basis of Preparation note to the financial statements concerning the Company's ability to continue as a going concern. The Company acts as a guarantor in respect of Group borrowings. In the Directors' view, there is likely to be a breach of Group banking covenants within the next 12 months and the Group may require additional funds to ensure sufficient liquidity in that period. The ultimate shareholder has indicated it would be supportive in providing the required capital injection to remedy any such breach, ensure continued compliance with the financial covenants and provide adequate liquidity for the Group. However, this support is dependent on trading conditions at the time, progress on negotiations with landlords and lenders designed to place the Group on a sustainable capital structure and the shareholder obtaining its own Investment Committee approval. These disclosures indicate the existence of material uncertainties which may cast 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## George Watt Limited

### INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF GEORGE WATT LIMITED

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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, or
- the directors were not entitled to prepare the directors' report in accordance with the small company regime



Christopher Burns (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
16 September 2011

# George Watt Limited

## PROFIT AND LOSS ACCOUNT

For the period from 27 March 2010 to 25 March 2011

	Note	27 March 2010 to 25 March 2011 £'000	28 March 2009 to 26 March 2010 £'000
<b>TURNOVER</b>		1,468	2,033
Cost of sales		(3,892)	(3,005)
Gross loss		(2,424)	(972)
Administrative expenses		(79)	(78)
<b>OPERATING LOSS</b>		(2,503)	(1,050)
Interest payable and similar charges	2	(23)	(15)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(2,526)	(1,065)
Tax on loss on ordinary activities	5	-	-
<b>LOSS FOR THE FINANCIAL PERIOD</b>	9	(2,526)	(1,065)

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical costs equivalents

There were no recognised gains or losses in either period other than the result for each period. Accordingly, no statement of total recognised gains and losses is presented

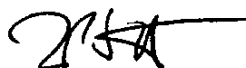
All of the activities of the Company are continuing



**George Watt Limited****BALANCE SHEET  
As at 25 March 2011****Company number 02823519**

	Note	25 March 2011 £'000	26 March 2010 £'000
<b>CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	6	(4,348)	(3,553)
<b>NET CURRENT LIABILITIES</b>		(4,348)	(3,553)
<b>PROVISIONS FOR LIABILITIES</b>	7	(1,955)	(224)
<b>NET LIABILITIES</b>		(6,303)	(3,777)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	1	1
Profit and loss account	9	(6,304)	(3,778)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	10	(6,303)	(3,777)

The financial statements on pages 6 to 12 were approved by the board of directors on 16 September 2011 and signed on its behalf by



J P Scott  
Director

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period from 27 March 2010 to 25 March 2011**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The following accounting policies have been applied consistently in both the current and preceding periods in dealing with items which are considered material in relation to the Company's financial statements. These financial statements are prepared on the going concern basis, under the historical cost accounting convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

**Basis of preparation - going concern**

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future.

As at the balance sheet date, George Watt Limited had net liabilities. Accordingly it requires the support of its parent undertakings to ensure that it will be able to meet its liabilities as they fall due. At 25 March 2011 the Group, comprising MEIF II CP Holdings 1 Limited and its subsidiaries, had external bank borrowings of £467.6 million which are subject to compliance with agreed financial covenants. Non-compliance with any of the covenants associated with the borrowings would result in the shareholder having the option to inject additional capital into the business, sufficient to remedy any covenant breach.

As a result of the ongoing difficult economic trading environment, management expect a breach of covenant arising within the next 12 months. In addition the Group may require additional funds to ensure sufficient liquidity in that period. The shareholder has indicated that to prevent or rectify a breach of covenant or to ensure sufficient liquidity, they would be supportive in considering the further capital injection required to ensure continued compliance with the financial covenants or to ensure sufficient liquidity. In determining whether to provide such a cash injection Macquarie European Infrastructure Fund II will take into account the return it expects from such investment, which will be dependent on trading conditions at the time and progress on discussions with landlords and lenders to the Group to place the Group on to a sustainable capital structure.

The directors have therefore concluded that, although the shareholder is supportive, because of the conditions noted above and because any capital injection would be subject to the shareholder obtaining its own Investment Committee approval, there are material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the directors have concluded that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

**Cash flow statement**

Under the provision of Financial Reporting Standard 1 'Cash flow statements' (revised 1996) the Company has not presented a cash flow statement, as its intermediate parent company, MEIF II CP Holdings 1 Limited, a company registered in England and Wales, prepares publicly available consolidated financial statements which include the results of the Company and contain a cash flow statement.

**Turnover**

The Company's turnover comprises receipts from the management and operation of car parks. Turnover is recognised on customers' exit of the car park or, for season tickets, is spread over the life of the season ticket and recognised at the end of each calendar month.

**Operating leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

**Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period from 27 March 2010 to 25 March 2011

**1 ACCOUNTING POLICIES (continued)**

**Taxation (continued)**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events result in an obligation to pay more tax, or a right to pay less tax, at a future date, have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore *recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted*.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax is measured on an undiscounted basis.

**Provisions for liabilities**

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The company operates a policy to provide for forecast losses under onerous contracts. Where an onerous contract is identified, forecasts for future trading losses are prepared and subsequently discounted using an adjusted risk free rate of return to reflect timing of future cash outflows.

**2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	27 March 2010 to 25 March 2011 £'000	28 March 2009 to 26 March 2010 £'000
Loss on ordinary activities before taxation is stated		
<b>After charging:</b>		
Interest payable and similar charges - notional interest on provisions	23	15
Charge to provision for onerous contracts (note 7)	1,708	62
Operating lease rentals - land and buildings	1,722	1,991

**3. AUDITORS' REMUNERATION**

The auditors' remuneration for the audit of the Company's financial statements of £2,000 (period ended 26 March 2010 £2,000) was borne by National Car Parks Limited ("NCP"), a fellow group company.

**4 DIRECTORS' AND EMPLOYEES' EMOLUMENTS**

None of the directors received any emoluments from the Company during the current and preceding periods in respect of their services to the Company. There were no employees during either period.

Amounts recharged to the Company by NCP, the immediate parent company, in the period included £461,068 (period ended 26 March 2010 £654,171) in respect of the wages and salaries of NCP employees carrying out work on behalf of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

For the period from 27 March 2010 to 25 March 2011

## 5. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge for the period was £nil (period ended 26 March 2010 £nil)

The tax assessed for the current period and for the preceding period is different from that resulting from applying the standard rate of corporation tax in the UK of 28% (period ended 26 March 2010 28%) The differences are explained below

	27 March 2010 to 25 March 2011 £'000	28 March 2009 to 26 March 2010 £'000
Loss on ordinary activities before taxation	(2,526)	(1,065)
Tax at 28% (period ended 26 March 2010 28%) thereon	707	298
Effects of		
Capital allowances in excess of depreciation	-	1
Movement on deferred tax asset not recognised	(707)	(299)
Current tax for the period	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to surplus losses not utilised in the current period as there is insufficient evidence that the asset will be recovered The amount of the deferred tax asset not recognised is £1,101,000 (2010 £458,000)

## 6 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	25 March 2011 £'000	26 March 2010 £'000
Amounts owed to group undertakings	4,348	3,553

All amounts owed to group undertakings are non interest bearing, unsecured and are repayable on demand

## 7. PROVISIONS FOR LIABILITIES

	Provision for onerous contracts £'000
At 27 March 2010	224
Charged to profit and loss account	1,835
Notional interest	23
Utilised in the period	(127)
At 25 March 2011	1,955

It is expected that the majority of the other provisions will be utilised over one to five years As onerous contracts provisions will be utilised over a number of years, the provisions are discounted to net present value and the notional interest represents the unwinding of the discount during the current period

The adjusted risk free rate used for onerous contracts is 10 1% (2010 10 1%)

# George Watt Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the period from 27 March 2010 to 25 March 2011

### 8 CALLED UP SHARE CAPITAL

	25 March 2011 £'000	26 March 2010 £'000
Authorised: 1,000 (2010 1,000) ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted and fully paid. 1,000 (2010 1,000) ordinary shares of £1 each	<u>1</u>	<u>1</u>

### 9. PROFIT AND LOSS ACCOUNT

	£'000
At 27 March 2010	(3,778)
Loss for the financial period	<u>(2,526)</u>
At 25 March 2011	<u>(6,304)</u>

### 10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	25 March 2011 £'000	26 March 2010 £'000
Loss for the financial period	(2,526)	(1,065)
Opening shareholders' deficit	<u>(3,777)</u>	<u>(2,712)</u>
Closing shareholders' deficit	<u>(6,303)</u>	<u>(3,777)</u>

### 11 FINANCIAL COMMITMENTS

At 25 March 2011, the Company was committed to making the following payments during the next period in respect of operating leases

	Land and buildings	
	25 March 2011 £'000	26 March 2010 £'000
Operating leases which expire		
In more than one year, but not more than five years	1,419	50
After five years	<u>360</u>	<u>1,677</u>
Amounts due	<u>1,779</u>	<u>1,727</u>

### 12 CONTINGENT LIABILITIES

Under a group registration the Company is jointly and severally liable for the value added tax due by other group companies  
At 25 March 2011, this contingent liability amounted to £2.4 million (26 March 2010 £1.6 million)

### 13. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 3(c) of Financial Reporting Standard 8 'Related party transactions' on the grounds that it is a wholly owned subsidiary of a group headed by MEIF II CP Holdings 1 Limited, whose financial statements are publicly available

---

**George Watt Limited**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the period from 27 March 2010 to 25 March 2011**

**14 ULTIMATE PARENT AND CONTROLLING PARTY**

The Company's immediate parent company and controlling party is National Car Parks Limited, a company incorporated in Great Britain and registered in England

The Company's ultimate parent and ultimate controlling party is Macquarie European Infrastructure Fund II, a limited partnership incorporated in Great Britain, registered office Carinthia House, 9-12 The Grange, St Peter Port, Guernsey, GY1 4BF. The parent undertaking of the largest group which includes the Company and for which consolidated financial statements are prepared is Macquarie European Infrastructure Fund II. The parent undertaking of the smallest such group is MEIF II CP Holdings 1 Limited, a company incorporated in Great Britain. Copies of the consolidated financial statements of MEIF II CP Holdings 1 Limited are available from Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD.