

Company number 02823519

**George Watt Limited**

**Report and financial statements**

**For the period from 26 March 2011 to 30 March 2012**



**REPORT AND FINANCIAL STATEMENTS**

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**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

**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 26 March 2011 to 30 March 2012

#### **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 5.

As at 30 March 2012, the Company had net liabilities of £6.5 million (25 March 2011: net liabilities of £6.3 million).

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of MEIF II CP Holdings 1 Limited group ("the Group"), which include those of the Company, are discussed on pages 5 to 7 of the Group's annual report which do not form part of this report.

The directors of MEIF II CP Holdings 1 Limited manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group, which includes the Company, are discussed on pages 2 to 5 of the Group's annual report, which do not form part of this report.

#### **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.

At 30 March 2012, the Group had external bank borrowings of £472.6 million. As a result of the ongoing difficult economic situation and trading environment, the Group was required to seek (and successfully obtained) the consent of its senior lenders and swap counterparties to a temporary deferral of its September 2011 and March 2012 financial covenant tests and certain payments that would otherwise have fallen due under the relevant facilities.

On 27 April 2012, the Group successfully completed negotiations with its shareholder, lenders and landlords, which the directors believe has placed the Group on a sustainable capital structure. The restructuring included a waiver of all known (or ascertainable) defaults under the Group's debt facilities. Details are provided in note 14 to these financial statements.

As part of the financial restructuring process detailed, Group cash flow forecasts 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 directors have concluded that continuing to prepare the financial statements on a going concern basis is appropriate.

#### **DIVIDENDS**

The directors do not recommend the payment of a dividend (period ended 25 March 2011: £nil).

#### **DIRECTORS**

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

J P Walbridge  
J L Cooper  
J P Scott

Resigned 4 April 2011

#### **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, 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 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  
23 July 2012

## **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 30 March 2012 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 30 March 2012 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

#### **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.

#### **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  
23 July 2012

• **George Watt Limited**

**PROFIT AND LOSS ACCOUNT**

**For the period from 26 March 2011 to 30 March 2012**

	Note	26 March 2011 to 30 March 2012 £'000	27 March 2010 to 25 March 2011 £'000
<b>TURNOVER</b>		1,957	1,468
Cost of sales		(1,876)	(3,892)
Gross profit/(loss)		81	(2,424)
Administrative expenses		(90)	(79)
<b>OPERATING LOSS</b>		(9)	(2,503)
Interest payable and similar charges	2	(197)	(23)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(206)	(2,526)
Tax on loss on ordinary activities	5	-	-
<b>LOSS FOR THE FINANCIAL PERIOD</b>	9	(206)	(2,526)

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 30 March 2012

Company number 02823519

	Note	30 March 2012 £'000	25 March 2011 £'000
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	6	(5,208)	(4,348)
<b>NET CURRENT LIABILITIES</b>		(5,208)	(4,348)
<b>PROVISIONS FOR LIABILITIES</b>	7	(1,301)	(1,955)
<b>NET LIABILITIES</b>		(6,509)	(6,303)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	1	1
Profit and loss account	9	(6,510)	(6,304)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	10	(6,509)	(6,303)

The financial statements on pages 5 to 11 were approved by the board of directors on 23 July 2012 and signed on its behalf by



J P Scott  
Director



## NOTES TO THE FINANCIAL STATEMENTS

For the period from 26 March 2011 to 30 March 2012

### 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 30 March 2012, the Group had external bank borrowings of £472.6 million. As a result of the ongoing difficult economic situation and trading environment, the Group was required to seek (and successfully obtained) the consent of its senior lenders and swap counterparties to a temporary deferral of its September 2011 and March 2012 financial covenant tests and certain payments that would otherwise have fallen due under the relevant facilities.

On 27 April 2012, the Group successfully completed negotiations with its shareholder, lenders and landlords, which the directors believe has placed the Group on a sustainable capital structure. The restructuring included a waiver of all known (or ascertainable) defaults under the Group's debt facilities. Details are provided in note 14 to these financial statements.

As part of the financial restructuring process detailed Group cash flow forecasts 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 directors have concluded that continuing to prepare the financial statements on a going concern basis is appropriate.

#### 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 26 March 2011 to 30 March 2012

**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**

	26 March 2011 to 30 March 2012 £'000	27 March 2010 to 25 March 2011 £'000
Loss on ordinary activities before taxation is stated after (crediting)/charging		
Interest payable and similar charges - notional interest on provisions	197	23
(Credit)/charge to provision for onerous contracts (note 7)	(205)	1,708
Operating lease rentals – land and buildings	1,921	1,722
	<u>1,913</u>	<u>1,753</u>

**3 AUDITORS' REMUNERATION**

The auditors' remuneration for the audit of the Company's financial statements of £2,000 (period ended 25 March 2011 £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 £511,533 (period ended 25 March 2011 £461,068) 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 26 March 2011 to 30 March 2012

**5 TAX ON LOSS ON ORDINARY ACTIVITIES**

The tax charge for the period was £nil (period ended 25 March 2011 £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 26% (period ended 25 March 2011 28%) The differences are explained below

	26 March 2011 to 30 March 2012 £'000	27 March 2010 to 25 March 2011 £'000
Loss on ordinary activities before taxation	(206)	(2,526)
Tax at 26% (period ended 25 March 2011 28%) thereon	54	707
Effects of		
Group relief not paid for	(54)	-
Movement on deferred tax asset not recognised	-	(707)
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 £373,000 (2011 £1,101,000)

**6 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 March 2012 £'000	25 March 2011 £'000
Amounts owed to Group undertakings	5,208	4,348

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 26 March 2011	1,955
Credited to profit and loss account	(205)
Notional interest	197
Utilised in the period	(646)
At 30 March 2012	1,301

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

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period from 26 March 2011 to 30 March 2012

**8 CALLED UP SHARE CAPITAL**

	30 March 2012 £'000	25 March 2011 £'000
<b>Authorised</b>		
1,000 (2011 1,000) ordinary shares of £1 each	1	1
<b>Allotted and fully paid</b>		
1,000 (2011 1,000) ordinary shares of £1 each	1	1

**9 PROFIT AND LOSS ACCOUNT**

	£'000
At 26 March 2011	(6,304)
Loss for the financial period	(206)
At 30 March 2012	(6,510)

**10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	30 March 2012 £'000	25 March 2011 £'000
Loss for the financial period	(206)	(2,526)
Opening shareholders' deficit	(6,303)	(3,777)
Closing shareholders' deficit	(6,509)	(6,303)

**11 FINANCIAL COMMITMENTS**

Minimum annual commitments under non-cancellable operating leases were as follows

	Land and buildings	
	30 March 2012 £'000	25 March 2011 £'000
<b>Operating leases which expire</b>		
In less than one year	2	-
In more than one year, but not more than five years	1,625	1,419
After five years	160	360
Amounts due	1,787	1,779

Where the Company enters into arrangements to guarantee the indebtedness of other members of the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

On 27 April 2012, as part of the group financial restructuring detailed in note 14, the Company entered as a guarantor to the £140 million senior facilities agreement of MEIF II CP Holdings 3 Limited with Royal Bank of Canada and other parties.

**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 30 March 2012, this contingent liability amounted to £1.7 million (25 March 2011 £2.4 million).

## NOTES TO THE FINANCIAL STATEMENTS

For the period from 26 March 2011 to 30 March 2012

### 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

### 14 POST BALANCE SHEET EVENT – FINANCIAL RESTRUCTURING

On 27 April 2012, the Group completed negotiations with its shareholder, lenders and landlords, aimed at placing the group on to a sustainable capital structure

Under the Restructuring, the Group

- received an injection of new share capital of £50 million,
- received a waiver of £298 million of shareholder debt and accrued interest
- received a waiver of £349 million comprising part of its external debt and accrued interest, and settled liabilities relating to its senior debt facility, in return for a 15% equity share in the Group,
- negotiated rent reductions and early lease surrenders with landlords, and
- incurred transaction costs of £17.3 million, comprising professional fees and lease amendment fees

Under the Restructuring, no adjustments are required to the Company's financial statements

### 15 ULTIMATE PARENT AND CONTROLLING PARTY

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

The Company's ultimate parent and controlling party is Macquarie European Infrastructure Fund II – an English limited partnership with its registered office at 3rd Floor, 10 Lefebvre Street, St Peter Port, Guernsey, GY1 2PE. 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.