

Company Registration No. 2823519

**George Watt Limited**

**Report and Financial Statements**

**52 weeks ended 24 December 2004**



# **George Watt Limited**

## **Report and financial statements 2004**

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**Report and financial statements 2004**

**Officers and professional advisers**

**Directors**

R M Macnaughton  
T A M Hanson  
P J T Gilbert  
P T Robinson

**Secretary**

T A M Hanson

**Registered office**

21 Bryanston Street  
London W1H 7AB

**Solicitors**

Hamlin's  
Roxburghe House  
273-287 Regent Street  
London W1B 2AD

Ashurst Morris Crisp  
5 Appold Street  
London EC2A 2HA

**Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

## **Directors' report**

The directors present their annual report and the audited financial statements for the 52 weeks ended 24 December 2004.

### **Principal activities and future prospects**

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 of the Company for the period ended 24 December 2004 are shown on page 5. The Company made a profit before tax of £1,015,000 (2003: loss of £1,783,000).

Subsequent to the year-end, Oval (2041) Limited, a subsidiary of Oval (2040) Limited, acquired 100% of the issued share capital of Parking International Holdings Limited, the ultimate holding company of the Company.

### **Proposed dividends**

The directors do not recommend the payment of a dividend for the period (2003: £nil).

### **Directors and their interests**

The directors who held office throughout the period were as follows:

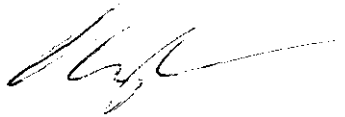
T A M Hanson  
R M Macnaughton  
P J T Gilbert  
P T Robinson

The directors' interests in the share capital of the ultimate parent Company, Parking International Holdings Limited, are disclosed in that Company's financial statements. None of the directors held any other interests in the share capital of the Company or any other Group Company.

### **Auditors**

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of Section 386(2) of the Companies Act 1985.

Approved by the Board of Directors  
and signed on behalf of the Board



**R M Macnaughton**

Director

**28 October** 2005

## **Statement of directors' responsibilities**

United Kingdom Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent auditors' report to the members of George Watt Limited

We have audited the financial statements of George Watt Limited for the 52 weeks ended 24 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 24 December 2004 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte + Touche LLP*

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London

*31 October* 2005

# George Watt Limited

## Profit and loss account 52 weeks ended 24 December 2004

	Note	52 weeks ended 24 December 2004 £'000	52 weeks ended 26 December 2003 £'000
Turnover	1	2,766	2,805
Cost of sales		(2,829)	(2,989)
Release/(provision) for onerous contracts	7	1,348	(1,566)
Total cost of sales		(1,481)	(4,555)
Gross profit/(loss)		1,285	(1,750)
Administrative expenses		(66)	(33)
Operating profit/(loss)		1,219	(1,783)
Interest payable and similar charges	4	(204)	-
Profit/(loss) on ordinary activities before taxation	2	1,015	(1,783)
Tax charge on profit/(loss) on ordinary activities	5	-	-
Retained profit/(loss) for the financial period	9	1,015	(1,783)

There were no recognised gains or losses for the current or preceding financial periods other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

The results for the 52 weeks ended 24 December 2004 and for the 52 weeks ended 26 December 2003 reflect the continuing operations of the Company.

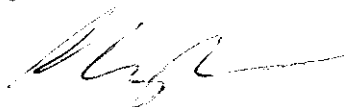
# George Watt Limited

## Balance sheet 24 December 2004

	Note	24 December 2004 £'000	26 December 2003 £'000
Creditors: amounts falling due within one year	6	(973)	(966)
Net current liabilities		(973)	(966)
Total assets less current liabilities		(973)	(966)
Provisions for liabilities and charges	7	(551)	(1,573)
Net liabilities		(1,524)	(2,539)
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	9	(1,525)	(2,540)
Equity shareholder's deficit	10	(1,524)	(2,539)

These financial statements were approved by the Board of Directors on 28 October 2005.

Signed on behalf of the Board of Directors



**R M Macnaughton**

Director



## Notes to the financial statements

### 52 Weeks ended 24 December 2004

#### 1. Accounting policies

The following accounting policies have been applied consistently in both the current and preceding period in dealing with items which are considered significant in relation to the Company's financial statements.

##### Basis of accounting

The financial statements have been prepared under the historical cost accounting convention, in accordance with applicable United Kingdom law and accounting standards.

##### Cash flow statement

Under the provision of Financial Reporting Standard No.1 (Revised) the Company has not presented a cash flow statement, as its ultimate parent Company, Parking International Holdings Limited, a Company registered in England and Wales, prepares 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, net of VAT.

##### Leases

Rentals under operating leases are charged on straight-line basis over the lease term.

##### Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### 2. Profit/(loss) on ordinary activities before taxation

	52 weeks ended 24 December 2004 £'000	52 weeks ended 26 December 2003 £'000
Profit/(loss) on ordinary activities before taxation is stated:		
After charging:		
Operating lease rentals – other	1,772	1,680

The auditors' remuneration for the current and previous periods was borne by National Car Parks Limited, the immediate parent Company.

#### 3. Directors' and employee 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 National Car Parks Limited, the immediate parent Company, in the period included £548,371 (2003: £684,898) in respect of the wages and salaries of National Car Parks Limited employees carrying out work on behalf of the Company.

**Notes to the financial statements**  
**52 Weeks ended 24 December 2004**

**4. Interest payable and similar charges**

	52 weeks ended 24 December 2004 £'000	52 weeks ended 26 December 2003 £'000
Notional interest on provisions	204	-

**5. Tax charge on profit/(loss) on ordinary activities**

**(a) Analysis of tax charge on ordinary activities**

	52 weeks ended 24 December 2004 £'000	52 weeks ended 26 December 2003 £'000
United Kingdom corporation tax at 30% (2003: 30%) based on the profit/(loss) for the period	-	-

**(b) Factors affecting tax charge for the current period**

The tax assessed for the current period is lower and for the preceding period is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2003: 30%). The differences are explained below:

	52 weeks ended 24 December 2004 £'000	52 weeks ended 26 December 2003 £'000
Profit/(loss) on ordinary activities before tax	1,015	(1,783)
Tax at 30% (2003: 30%):	(305)	535
Effects of:		
Group relief	-	(535)
Expenses not deductible for taxation	(2)	-
Utilisation of losses	307	-
Current tax charge for the period	-	-

The Company had no deferred tax assets at 24 December 2004 and at 26 December 2003.

**6. Creditors: amounts falling due within one year**

	24 December 2004 £'000	26 December 2003 £'000
Amounts owed to Group undertakings	973	966

**Notes to the financial statements**  
**52 Weeks ended 24 December 2004**

**7. Provisions for liabilities and charges**

	Provision for onerous contracts £'000	Provisions for dilapidations £'000	Other £'000	Total £'000
At 27 December 2003	1,566	-	7	1,573
(Credited)/charged to profit and loss account	(1,348)	122	-	(1,348)
Notional interest	204	-	-	204
	<u>422</u>	<u>122</u>	<u>7</u>	<u>429</u>
At 24 December 2004	422	122	7	429

The provisions for dilapidations are expected to be utilised over the life of the property leases. It is expected that the majority of the other provisions will be utilised over one to five years. As the dilapidations and 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.

**8. Called up share capital**

	24 December 2004 £'000	26 December 2003 £'000
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>
<b>Allotted, called up and fully paid:</b>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

**9. Reserves**

	Profit and loss account £'000
At 27 December 2003	(2,540)
Retained profit for the period	<u>1,015</u>
At 24 December 2004	<u>(1,525)</u>

**10. Reconciliation of movements in shareholder's deficit**

	24 December 2004 £'000	26 December 2003 £'000
Profit/(loss) for the financial period	<u>1,015</u>	<u>(1,783)</u>
Net decrease/(increase) in shareholder's deficit	1,015	(1,783)
Opening shareholder's deficit	<u>(2,539)</u>	<u>(756)</u>
Closing shareholder's deficit	<u>(1,524)</u>	<u>(2,539)</u>

## Notes to the financial statements

### 52 Weeks ended 24 December 2004

#### 11. Commitments

At 24 December 2004, the Company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	
	24 December 2004 £'000	26 December 2003 £'000
Operating leases which expire:		
Within one year	217	34
Between two to five years	-	145
After five years	369	781
	<hr/>	<hr/>
	586	960
	<hr/>	<hr/>

The Company is also obliged to make additional performance-related rental payments on a number of sites. In the period ended 24 December 2004 these amounted to £1.1m.

#### Financial guarantees

##### *Facilities agreement and related debenture and cross guarantees*

On 9 December 2003, the Company with other Group companies guaranteed a £148,000,000 Senior Facilities Agreement with The Royal Bank of Scotland plc ("RBS"), providing debt facilities to the Group.

On 9 December 2003, the Company entered into a Debenture with other Group companies in favour of RBS (as Trustee) in relation to an agreement to provide debt facilities to the Group, being £148,000,000 senior facilities.

On 23 August 2004, Primepanel Limited, a fellow Group Company, entered in a £73m Commercial Mortgage Facilities Agreement with RBS which was used to repay part of the £148m Senior Facilities. The Company acted as a guarantor for this facility.

##### *Lease guarantees*

The Company with other Group Companies has entered into a Lease Guarantee dated 23 September 2003, under which it with other Group Companies is liable for the payment of the rents and other obligations of National Car Parks Limited, a fellow Group Company, as tenant under various leases.

On 24 January 2003, the Company entered into a "refresher" deed of guarantee under which the company with other Group Companies again reiterated that it guarantees to Bishopsgate Parking (No. 2) Limited that either National Car Parks Limited, a fellow Group Company, or the guarantors will perform the tenant covenants.

On 8 September 2003, National Car Parks Limited, a fellow Group Company, entered into two Renewal Lease Agreements in favour of Bishopsgate Parking Limited and Bishopsgate Parking (No.2) Limited, both subsidiaries of RBS, in respect of leases over various premises. The Company with other Group Companies entered into a lease guarantee in respect of National Car Parks Limited's obligations under these Renewal Lease Agreements.

##### *Liquidation of Parking International Limited*

On 17 November 2003, National Car Parks Limited entered into a Deed of Covenant in respect of remedial works in favour of Bishopsgate Parking (No. 2) Limited, which was guaranteed by the Company with other Group Companies.

#### 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 24 December 2004, this contingent liability amounted to £6.4 million (2003: £4.6 million).

**Notes to the financial statements**  
**52 Weeks ended 24 December 2004**

**13. Related party transactions**

As a 100% owned subsidiary, advantage has been taken of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8, Related Party Transactions, not to disclose transactions with other Group entities.

**14. Ultimate parent company and controlling party**

During the year the ultimate parent company was Parking International Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. Parking International Holdings Limited was ultimately owned and controlled by funds managed by Cinven Limited. Cinven Limited is a company incorporated in Great Britain and registered in England and Wales.

Subsequent to the year-end, Parking International Holdings Limited was acquired by Oval (2041) Limited. As a result, the ultimate parent company of George Watt Limited is now Oval (2040) Limited, a company incorporated in Great Britain and registered in England and Wales. Oval (2040) Limited is ultimately owned and controlled by funds managed by 3i Investments Plc. 3i Investments Plc is a company incorporated in Great Britain and registered in England and Wales.

The immediate parent Company and controlling entity of George Watt Limited is National Car Parks Limited, a Company incorporated in Great Britain and registered in England and Wales. The parent of the largest and the smallest Group for which consolidated financial statements are prepared is Parking International Holdings Limited. Copies of the Group financial statements are available from 21 Bryanston Street, London, W1H 7AB.