Company number 6133791

MEIF II CP Holdings 1 Limited

Report and financial statements

For the year ended 31 March 2011

Company number 6133791

MEIF II CP Holdings 1 Limited

REPORT AND FINANCIAL STATEMENTS

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Company number 6133791

MEIF II CP Holdings 1 Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G I W Parsons
J P Walbridge
M S W Stanley (resigned 7 February 2011)

COMPANY SECRETARY

J S J Milne
A P Helps (resigned 10 June 2010)

REGISTERED OFFICE

Ropemaker Place
28 Ropemaker Street,
London,
EC2Y 9HD

BANKERS

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Royal Bank of Canada Europe Limited
71 Queen Victoria Street
London EC4V 4DE

National Westminster Bank plc
1 Princes Street
London EC2R 8PA

SOLICITORS

Hamlins
Roxburghe House
273-287 Regent Street
London W1B 2AD

INDEPENDENT AUDITORS

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

MEIF II CP Holdings 1 Limited

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements for MEIF II CP Holdings 1 Limited (the "Company") and its subsidiaries, together (the "Group") for the year ended 31 March 2011

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company The directors do not envisage any change during the forthcoming year

The principal activity of the Group is the management and operation of car parks National Car Parks Limited (NCP), the main trading entity, is the UK market leader in the provision of off street parking services Its success is driven by a number of factors including

- *Prime locations* - enabling NCP to have a visible presence in UK main city centres which give the Group a distinct competitive edge at a local level and unparalleled geographical breadth across the UK These enable the business to diversify its risk and not to rely on one key area or contract
- *Strong brand recognition* – the NCP brand is the most widely recognisable parking brand in the UK
- *A high proportion of long term lease contracts* - with a high proven historical renewal rate, which underpin a stable cash income
- *Advanced technology* – NCP uses IT and automation to optimise its operating model and provide a competitive edge in bidding for new sites or in the renewal of contracts

NCP has a strong position in each of the three main areas of parking off street, rail and airports The Group will continue to seek to expand its car parking activities wherever suitable opportunities arise

BUSINESS ENVIRONMENT

Consumer parking demand is dependent on conditions in the retail, commuting and travel market The continuing difficult economic environment in the UK, including the impact of increased fuel prices reducing car usage, has led to a further decline in the number of people parking their vehicles across most of the Group's sites

The Group operates in a competitive environment It is the largest private operator in the country and whilst there are no competitors that can offer the geographical coverage that the Group provides, there is strong competition at a local and regional level, with its main competitors being local authorities, Q-Parks, APCOA and Vinci There is also additional supply in the current environment, with temporary cheap car parks on sites earmarked for development but where development plans have been deferred

MARKET STRATEGY

The Group is pursuing a number of growth options with a view to improving turnover, growing market share and increasing profitability These include continued involvement in partnerships with local authorities, rail operators and airports The Group is also focused on site intensification, maximising the potential of each of its car parks by seeking additional sources of revenue where feasible, ensuring that pricing is optimised taking into account the location and potential customers that the car parks serve and that car parks are maintained and manned to an appropriate level

The Group believes that continued investment in technology will play an important role in retaining existing customers and winning new business The Group's early investment in this area enables NCP to sustain its competitive edge in providing enhanced services to its customers including the introduction of cashless parking using mobile technology, a national parking account card (Gateway), a national operating centre and a centrally monitored national CCTV operation

BUSINESS REVIEW

The Group's results for the year from 1 April 2010 to 31 March 2011 show that trading continues to be impacted by the difficult external economic environment The financial results are shown in the profit and loss account on page 11 Heavy snowfalls in December across the UK also impacted trade at a time when the business normally enjoys peak demand

Overall the business achieved an increase in like for like sales of 2 6% in its offstreet car parks This was caused by a decline in volumes offset by an increase in tariff prices following an extensive review across all car parks of pricing levels Season ticket sales were stabilised in the period as a result of a number of initiatives in this area and have seen some modest growth in the second half of the year

During the year a number of cost saving initiatives have been undertaken which have reduced the operating costs of the business, both in terms of headcount and supporting supply contracts All have been implemented without impacting existing customer service levels or revenue generating capability

MEIF II CP Holdings 1 Limited

DIRECTORS' REPORT (continued)

BUSINESS REVIEW (continued)

The Group has achieved considerable success in managing its property portfolio, including negotiating compensation payments on a number of sites from developers and landlords, with further such deals under negotiation

Capital expenditure was concentrated in the year on investment in new parking equipment in 19 car parks and meeting the Group's commitment to health and safety standards

The Group relied 100% on green energy during the period and was signed up as part of the "Source London" initiative to provide a significant level of charging points in London over the medium term

Operational strategy has continued to focus on the customer experience with the development of minimum standards, implementing a sustained programme of operational excellence, rebranding, the launch of our Customer Promise "We care where you park" and investment in e-commerce

The airports element of the business has continued to see strong competitive pressure, and the management contract with Gatwick Airport Limited to run airport parking at Gatwick ended in July 2010 with an adverse effect on transaction volumes and a reduction in employment numbers Competitive pressures in off street parking were more regionalised, but nevertheless significant in many cities particularly Manchester, Glasgow, Leeds and Brighton, and Croydon town centre

The directors feel that the regional structuring model introduced in 2009 has been successful at mitigating the negative impact of the trading environment, with greater emphasis on ensuring that the car parks are clean, safe and working, as well as maximising the contribution from each despite the contraction of economic costs

KEY PERFORMANCE INDICATORS

The board monitors the Group's performance in a number of ways including key performance indicators The key financial and non financial performance indicators together with the comparative information for 2010 are as follows

	2011 £'000	2010 £'000
Turnover	**233,001**	**261,440**
Off street like for like sales growth	**2 6%**	**0 2%**
Operating loss	**(90,831)**	**(29,988)**
Add back depreciation	16,571	19 336
Add back amortisation	33,731	33,881
Add back impairment	62,653	2,100
Loss/(profit) on sale of assets	-	192
Earnings before interest, tax, depreciation, amortisation and exceptional items (EBITDAE)	**22,124**	**25,521**
EBITDAE as a % of gross receipts	**7 9%**	**7.4%**
<u>Other relevant KPIs</u>		
Number of transactions ('000) (number of visits)	**47,945**	**56,813**
Cash at bank and in hand	**26,142**	**38,040**
Capital expenditure	**11,385**	**16,381**
Employees (average number)	**1,525**	**1,973**
Staff turnover %	**3.2%**	**3.7%**
Staff absence %	**3.8%**	**4 2%**

EBITDAE is used by the board to measure profitability because headline statutory numbers are difficult to interpret due to the number of non cash accounting items within statutory profit EBITDAE is also the key measure required for covenants testing purposes The main reconciling items between operating loss and EBITDAE are depreciation, amortisation, impairment and profit or loss on sale of assets

The reduction in turnover, customer volumes and employees relate mainly to the airports part of the business due to the loss of Heathrow in January 2010 and Gatwick in July 2010 The increased operating loss for the year is due to the impairment charge recognised following the annual review of the value of the business The reduction in EBITDAE from £25 5 million in 2010 to £22 1 million in 2011 is a consequence of improved like for like revenue, offset by increased property rents and the inclusion in 2010 of £4 3 million in respect of a settlement relating to a prior acquisition

KEY PERFORMANCE INDICATORS (continued)

During the year the Group received a £25 million equity injection from its shareholder, which was required for liquidity and to ensure compliance with banking covenants The final £4 7 million of the working capital facility has also been drawn down

The consolidated balance sheet on page 13 of the financial statements shows that the Group's financial position as at 31 March 2011 is £226 5 million net liabilities (2010 £70 4 million net liabilities)

FINANCIAL RISK MANAGEMENT

The directors regularly consider the effect of risk on the Group's business and together with the internal risk management department work to limit any adverse financial exposure The principal risks the Group is exposed to are strategic risk, external and market risk, financial risk, commercial risk, operational risk and regulatory risk

Strategic risk

Risks likely to affect the long term performance of the Group as a whole include, reputation, change management, sales forecasting, plans for growth and performance management (including financial, operational and people elements) The leadership team and board oversee controls and initiatives to mitigate these risks, for instance a bonus scheme applicable to all employees within the organisation which rewards according to strict performance criteria

External and market risk

This category includes risks which the Group has limited control over, including decisions/actions by national or local government, competition and the current economic climate, including potential interest rate increases on debt The Group attempts to mitigate exposure to adverse economic conditions by tightly controlling costs and protecting turnover

Commercial risk

The Group is in long term contractual relationships with a number of key organisations These include commercial arrangements where car parks are operated on a third party's behalf particularly in the airport and rail sectors, and a number of local councils in the off-street segment The Group also has long term contractual lease agreements in place covering a significant proportion of its off-street car park estate spread across a large number of lessors, although 127 car parks sites are leased from a landlord through a sale and leaseback arrangement undertaken in 2001

The Group also does significant business with a number of other suppliers and whilst the business it does with its suppliers can be significant given the size of the activities, it does not believe it is reliant on any one supplier To manage this risk the Group performs regular service reviews and controls procurement in line with industry best practice

Operational risk

This risk category includes a diverse range of risks, including those relating to systems, health, safety and environment, information, property and crime Operational risks relate to the customer experience, protecting staff, property and turnover and providing the appropriate infrastructure, systems and training for operations Most sub-categories of operational risks can be linked to compliance with the Group's aim of ensuring all car parks are safe, clean and working effectively

Regulatory risk

The Group's services are subject to UK statutory law and regulation directed by central and local government as well as regulation by the major credit card companies and an operational code of conduct issued by the British Parking Association Breaches of these requirements could result in fines or adversely impact upon relationships with existing and potential new clients The Group ensures it remains up to date with the latest requirements and communicates them to all relevant personnel

Financial risk

The directors regularly consider the effect of risk on the Group's business and work together with the internal risk department to limit any adverse financial exposure The principal risks the Group is exposed to are credit risk, liquidity risk and interest rate cash flow risk as detailed below The Group has limited exposure to price risk and no exposure to foreign exchange risk The Group uses interest rate swaps as part of its policy to control interest payable on long term debt

DIRECTORS' REPORT (continued)

FINANCIAL RISK MANAGEMENT (continued)

Credit risk

The Group's principal financial assets are bank balances, cash, trade debtors and other debtors The Group's credit risk is primarily attributable to its trade debtors The amounts presented in the balance sheet are net of allowances for doubtful debts An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

Liquidity risk

In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of cash and short-term and long-term debt finance (available to the Group as a whole)

The main liquidity risks facing the business relate to trading risk, financing risk, counter party risk and property risks Financing risk is dependent on meeting covenants testing which the Group monitors on a regular basis Counter party risks in the form of debtors liabilities are a relatively small issue for the business due to the nature of the revenue streams

Interest rate cash flow risk

The Group has both interest bearing assets and interest bearing liabilities Interest bearing assets consist of cash balances only some of which are held as overnight deposits, the interest rates are variable dependent on the base rate Interest bearing liabilities mainly consist of long term debt as detailed in note 17 The interest rates payable are either fixed or linked to LIBOR rates The group uses interest rate swaps to protect against significant fluctuations in interest rates

GOING CONCERN

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

As part of this process detailed 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 Group is expected to require a cash injection 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

The Group's ultimate parent, Macquarie European Infrastructure Fund II, has confirmed to the directors 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

DIVIDEND

The directors do not recommend the payment of a dividend (2010 £nil)

DIRECTORS' REPORT (continued)

DIRECTORS

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

M S W Stanley	Resigned 7 February 2011
G I W Parsons	
J P Walbridge	

Gordon Parsons and Jonathan Walbridge are direct employees of Macquarie Capital Group Limited, London Branch, an affiliate of the manager of the ultimate parent of the Group, Macquarie European Infrastructure Fund II

EMPLOYEES

The Group's vision statement is "to be the first choice in parking"

The Group and its staff apply the following values

D Deliver what we say

R Respect for everyone

I Integrity in everything we do

V Views are valued

E Energy and passion at all times

The strategy of the Group is communicated to all team members when they join the Group and complete the induction course An ongoing communication process takes place by further updates on a weekly and monthly basis The Group values team engagement and the delivery of the strategy through team involvement The activities that impact on our teams are closely monitored to ensure that both the strategy and team engagement are aligned to keep the Group at the forefront of a competitive marketplace Regular staff surveys are carried out to monitor areas of success and development with a view to make the Group the main employer of choice for employees

The Group has in place existing information and consultation agreements approved by employees through workplace ballots In accordance with the Consultation of Employees Regulations, the Group communicates with its employees on

Information on

- the recent and probable development of the Group's activities and economic situation,

Information and consultation on

- the situation, structure and probable development of employment within the Group and, in particular, on the anticipatory measures envisaged where there is a threat to employment, and

Information and consultation with a view to reaching agreement on

- decisions likely to lead to substantial changes concerning work organisation or in contractual relations

The Group is fully committed to treating all job applicants and employees fairly and equally regardless of their race, religion or belief, gender, sexuality, age or disability Furthermore, the Group believes that it is crucially important to value and respect all employees as individuals and concentrate on personality and individual strengths in order to gain from a diverse workforce

The Group is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for all staff If members of staff become disabled the Group continues employment wherever possible and undertakes the necessary adjustments to facilitate their ongoing employment

The Group encourages its staff to continue their education by gaining qualifications relevant to their work and assistance may be given to enable them to undertake an approved course of study

CORPORATE AND SOCIAL RESPONSIBILITY

The Group works closely with local and national charities and encourages all its employees to become involved in local initiatives that support the local community and participate in local community projects A number of local initiatives have taken place in all the regional offices during the year, including the 'dress down days' and car wash days to raise funds for national and local charities such as Macmillan Cancer Support and Crisis

As the UK market leader, the Group is committed to reducing the environmental and social impact of its car parks' activities on the communities in which it operates NCP is fully engaged with local communities over a range of social issues, including regular representation on vehicle crime action groups, community and business safety partnerships, homelessness organisations and local police NCP also regularly assists police and other security organisations by sharing information, including CCTV data

The Group works to incorporate environmentally friendly measures in the design of new car parks and encourages and assists its customers to reduce their carbon footprint The Group has introduced a Green Badge Scheme in Manchester giving discounted parking to driver of cars with low emissions It also has an on-going programme to replace mains powered machines with solar and wind powered ones across its sites to make a positive contribution toward reducing the effects of climate change

All of the Group's energy comes from carbon neutral sources, and the intention is to continue to reduce overall consumption significantly These have mainly been achieved from using new state of the art electricity meters, intelligent lighting controls with wireless movement detectors and modern car park ventilation with variable speed drives controlled by levels of carbon monoxide

DIRECTORS' INDEMNITIES

The Company has maintained qualifying third party indemnity insurance on behalf of its directors and officers during the year and this will continue to be maintained beyond the date of approval of the financial statements

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the Group and Company 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 Group and the Company and of the profit or loss of the Group for that year 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

MEIF II CP Holdings 1 Limited

DIRECTORS' REPORT (continued)

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 directors have 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 section 418 of the Companies Act 2006

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

G I W Parsons
Director
29 July 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEIF II CP HOLDINGS 1 LIMITED

We have audited the group and parent company financial statements (the "financial statements") of MEIF II CP Holdings 1 Limited for the year ended 31 March 2011 which comprise the consolidated profit and loss account, consolidated statement of total recognised gains and losses, consolidated reconciliation of movements in shareholders' deficit, consolidated and company balance sheet, consolidated cash flow statement 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 7, 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 group's and parent 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 group's and the parent company's affairs as at 31 March 2011 and of the group's loss and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – going concern

In forming our opinion on the statutory consolidated financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the Basis of Preparation note to the statutory consolidated financial statements concerning the Group's ability to continue as a going concern In the Directors' view, there is likely to be a breach of banking covenants within the next 12 months and the Group may require additional funds to ensure sufficient liquidity in that period The 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 Group's ability to continue as a going concern The statutory consolidated financial statements do not include the adjustments that would result if the Group 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 year for which the financial statements are prepared is consistent with the financial statements

Company number 6133791

MEIF II CP Holdings 1 Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MEIF II CP HOLDINGS 1 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

C. Burns

Christopher Burns (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

29 July 2011

MEIF II CP Holdings 1 Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Gross receipts, including site owners' share	1,2	279,249	346,545
Less site owners' share of gross receipts	1,2	(46,248)	(85,105)
Turnover	1,2	233,001	261,440
Cost of sales		(217,947)	(254,008)
Gross profit		15,054	7,432
Administrative expenses		(113,822)	(49,309)
Other operating income	7	7,937	11,889
Operating loss		(90,831)	(29,988)
Loss on disposal of fixed assets	4	(709)	(4,406)
Interest receivable and similar income	8	384	1,811
Interest payable and similar charges	9	(64,990)	(60,487)
Loss on ordinary activities before taxation	3	(156,146)	(93,070)
Tax on loss on ordinary activities	10	(302)	304
Loss on ordinary activities after taxation		(156,448)	(92,766)
Minority interests	21	(1,127)	(781)
Loss for the financial year	20	(157,575)	(93,547)

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

All of the activities of the Group are continuing

Company number 6133791

MEIF II CP Holdings 1 Limited

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Loss for the financial year		(157,575)	(93,547)
Net actuarial gain/(loss) relating to the pension scheme	25(f)	1,600	(1,400)
Deferred taxation on actuarial gain/loss	18	(412)	392
Credit in relation to management incentive plan		-	260
Total recognised losses relating to the year		(156,387)	(94,295)

CONSOLIDATED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT
For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Loss for the financial year		(157,575)	(93,547)
Issue of ordinary share capital	19	-	630
Other recognised gains and losses relating to the year	20,25(f)	1,188	(748)
Net decrease in shareholders' funds		(156,387)	(93,665)
Opening shareholders' (deficit)/funds		(70,860)	22,805
Closing shareholders' deficit		(227,247)	(70,860)

Company number 6133791

MEIF II CP Holdings 1 Limited

CONSOLIDATED BALANCE SHEET
As at 31 March 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Intangible assets	12	464,564	560,998
Tangible assets	13	116,538	126,463
		581,102	687,461
CURRENT ASSETS			
Debtors	15	62,680	59,195
Cash at bank and in hand		26,142	38,040
		88,822	97,235
CREDITORS· AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(114,658)	(130,899)
NET CURRENT LIABILITIES		(25,836)	(33,664)
TOTAL ASSETS LESS CURRENT LIABILITIES		555,266	653,797
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(746,972)	(685,373)
PROVISIONS FOR LIABILITIES	18	(36,155)	(38,953)
NET LIABILITIES EXCLUDING PENSION ASSET		(227,861)	(70,529)
Net pension scheme asset	25	1,406	144
NET LIABILITIES INCLUDING PENSION ASSET		(226,455)	(70,385)
CAPITAL AND RESERVES			
Called up share capital	19	2,419	2,419
Share premium account	20	239,511	239,511
Profit and loss account	20	(469,177)	(312,790)
TOTAL SHAREHOLDERS' DEFICIT		(227,247)	(70,860)
Minority interest	21	792	475
CAPITAL EMPLOYED		(226,455)	(70,385)

These financial statements on pages 11 to 43 were approved by the board of directors on 29 July 2011 and signed on its behalf by

Parsons

G I W Parsons

Director

Company number 6133791

MEIF II CP Holdings 1 Limited

COMPANY BALANCE SHEET
As at 31 March 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Investments	14	-	241,645
CURRENT ASSETS			
Debtors – due within one year	15	146,057	109,333
Debtors – due after one year	15	43,008	15,641
Cash at bank and in hand		326	313
		189,391	125,287
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(1,444)	(575)
NET CURRENT ASSETS		187,947	124,712
TOTAL ASSETS LESS CURRENT LIABILITIES		187,947	366,357
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(43,008)	(15,641)
NET ASSETS		144,939	350,716
CAPITAL AND RESERVES			
Called up share capital	19	2,419	2,419
Share premium account	20	239,511	239,511
Profit and loss account	20	(96,991)	108,786
TOTAL SHAREHOLDERS' FUNDS		144,939	350,716

These financial statements on pages 11 to 43 were approved by the board of directors on 29 July 2011 and signed on its behalf by

G I W Parsons

Director

MEIF II CP Holdings 1 Limited

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Net cash (outflow)/inflow from operating activities	22	(6,434)	41,181
Returns on investments and servicing of finance			
Interest received		327	471
Interest and other financing costs paid		(29,154)	(28,807)
Interest element of finance lease payments		(421)	(108)
Dividends paid to minority interests	21	(810)	(1,221)
Net cash outflow from returns on investments and servicing of finance		(30,058)	(29,665)
Taxation: UK corporation tax paid		(454)	(268)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(10,178)	(16,381)
Receipts from sales of tangible fixed assets		4,080	1,097
Net cash outflow from capital expenditure and financial investment		(6,098)	(15,284)
Acquisitions and disposals			
Other payments to minority interests		-	(322)
Net cash outflow from acquisitions and disposals		-	(322)
Net cash outflow before financing		(43,044)	(4,358)
Financing			
Issue of ordinary share capital		-	630
Increase in borrowings	23	32,576	20,000
Capital element of finance lease payments	23	(84)	(695)
Repayments in borrowings	23	(1,346)	(7,600)
Net cash inflow from financing		31,146	12,335
(Decrease)/increase in cash and cash equivalents	23	(11,898)	7,977

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

1 ACCOUNTING POLICIES

Basis of accounting

The following accounting policies have been applied consistently in both the current and preceding year in dealing with items which are considered material in relation to the Group and Company's financial statements These financial statements are prepared on the going concern basis, under the historical cost accounting convention as modified to include the revaluation of certain fixed assets further described below and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

Basis of preparation - going concern

These financial results have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities as they fall due for the foreseeable future At 31 March 2011, the Group 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 Group'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

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 March 2011 The results of subsidiaries acquired or sold are consolidated for periods from or to the date on which control passed All companies over which the Group is able to exercise a dominant influence are consolidated as subsidiary undertakings Dominant influence is defined as the right to give direction with respect to operating and financial policies Acquisitions are accounted for under the acquisition method of accounting Uniform accounting policies are applied across the group and any profits or losses on intra group transactions have been eliminated Minority interests in the net assets of consolidated subsidiaries are identified separately from the equity and any movements in relation to the minority interest are included as movements in the year

Turnover

The Group'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 Additionally turnover comprises gross rents receivable during the year, which are recognised on a monthly basis according to the lease agreement

Management and operation of car parks (off street car parking)
Where the Group does not bear the significant risks and rewards of operating a car park, turnover comprises the management fee receivable by the Group In all other cases turnover comprises gross receipts from customers Disclosed on the face of the profit and loss account are

(i) "Gross receipts, including site owners' share" which represent total receipts including the car park receipts received by the Company on behalf of principals as well as the management fee retained by the Group, and

(ii) "Site owners' share of gross receipts" which represents the car park receipts payable to the car park site owners

MEIF II CP Holdings 1 Limited

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

1. **ACCOUNTING POLICIES (continued)**

Other operating income

Compensation income is related to payments received for early removal or termination of a contract (usually a lease on a car park site), recognised when the Group obtains the right to consideration under contractual terms

Intangible fixed assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its estimated useful economic life, which is 20 years The Company evaluates the carrying value of goodwill in each financial year to determine if there has been any impairment in value, which would result in the inability to recover the carrying amount When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account

Intangible fixed assets – management agreements

The Group identifies intangible fixed assets as non financial assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights to operate a car park in a specific place Any assets falling under this description are capitalised at cost and then amortised on a straight line basis over the life of the agreement An impairment review is performed if events or changes in circumstance indicate that the carrying amount of the asset may not be recoverable When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account

Properties

Operating properties

Properties which are used for the Group's trading are regarded as operating properties and are stated in the financial statements at cost less accumulated depreciation Provisions in respect of impairment of operating properties are charged to the profit and loss account where the carrying value exceeds the recoverable amount of the property

Investment properties

Properties which are held on a long-term basis for capital appreciation purposes and not used as operating properties are regarded as investment properties In accordance with Statement of Standard Accounting Practice 19 these are stated in the financial statements at directors' valuation, which is carried out by an internal surveyor on behalf of the group at the year end based on open market value

Provisions in respect of impairment of investment properties are charged to the profit and loss account where carrying value is higher than open market value

Tangible fixed assets and depreciation

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use

Profit on sale of properties

The profit or loss on sale of properties represents the difference between net sale proceeds and the net book value at the date of disposal

Properties

Depreciation is provided on a straight-line basis over the estimated useful economic lives of the properties after deducting the expected residual value at the end of that life The following rates of depreciation are applied to operating properties

Freehold (buildings only)	-	2%
Long leasehold	-	2%
Short leasehold	-	Over the term of the lease

No depreciation is provided on freehold land

1 **ACCOUNTING POLICIES (continued)**

Tangible fixed assets and depreciation (continued)

Leasehold properties with an unexpired term of greater than 50 years are classified as long-leasehold properties Other leasehold properties are classified as short-leasehold properties

In accordance with Statement of Standard Accounting Practice 19, depreciation is not provided on investment properties The properties concerned are not held for consumption but for investment, and the directors consider that systematic annual depreciation would be inappropriate This accounting policy is deemed necessary for the financial statements to give a true and fair view The financial effect of the departure from the statutory accounting rules cannot reasonably be quantified as depreciation is only one of the factors reflected in the annual valuation and it cannot be separately identified or quantified

Other assets

Other assets are stated in the financial statements at cost less accumulated depreciation

Depreciation is provided on a straight-line basis on other assets over their estimated useful lives, at the following annual rates

Car park build costs	-	10% to 25%
Equipment, fixtures and fittings	-	10% to 25%
Motor vehicles	-	25%
Computer equipment and software	-	33 33%

Where assets' useful lives are shortened by the terms of contracts to which they are related, depreciation is accelerated accordingly All of the above categories are classified within fixtures, fittings, plant and machinery in note 13 to the financial statements

Maintenance and repairs of owned properties

The Group is responsible for refurbishment, maintenance and repairs to all its freehold properties Maintenance costs and repairs are charged to the profit and loss account of the year during which the cost is incurred

Maintenance and repairs of leased properties

The Group, as tenant, has full repairing obligations on a majority of its leasehold properties The dilapidations provision is made based on the estimated maintenance costs necessary to restore the properties to their condition at lease inception discounted to present value The amortisation or "unwinding" of the discount applied in establishing the net present value of the provision is charged to the profit and loss account in each year

Fixed asset investments

Investments held as fixed asset investments are stated at cost less provision for any impairment in value

Operating leases

Leases which do not entail taking substantially all the risks and rewards of ownership of the assets are operating leases, and the rental charges are taken to the profit and loss account on a straight-line basis over the lives of the leases

Rental income from operating leases is credited to the profit and loss account on a receivable basis over the term of the lease

Finance leases

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright The amount capitalised is the present value of the minimum lease payments payable during the lease term The corresponding lease commitments are shown as obligations to the lessor Lease payments are split between capital and interest elements using the actuarial method Depreciation is calculated over the lower of the useful lives and the term of the lease on the relevant assets and, together with interest, is charged to the profit and loss account

Deferred government grants

Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the asset to which they relate

1. ACCOUNTING POLICIES (continued)

Pensions

The Group operates a defined benefit pension scheme and a defined contribution scheme Contributions to the scheme are charged to the profit and loss account as part of staff costs so as to spread the cost of pensions over employees' working lives with the Group Current service costs are charged to operating profit These costs are included in administrative expenses The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Group in a separate independent trustee administered fund Pension scheme assets are measured at market value at each balance sheet date and liabilities are measured on a projected unit actuarial basis allowing for changes in line with the discount rate, accruing liabilities and benefit payments The increase in the present value of the liabilities of the Group's defined benefit pension schemes' expected to arise from employee service in the year is charged to operating profit The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax

For the defined contribution scheme the amount charged to the profit and loss account in respect of the pension costs is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

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

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 years in which the timing differences are expected to reverse Deferred tax is measured on an undiscounted basis

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs The carrying amount is increased by the interest costs in respect of the accounting year and reduced by payments made in the year Debt issue costs are allocated to the profit and loss account over the terms of the new loan facilities at a constant rate on the carrying amount Interest costs of the debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount

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 dilapidations based upon known costs to be incurred at each site over a period of the next five years including works to be carried out on these sites as per the relevant lease agreement The amount is then discounted using the companies adjusted risk free rate of return

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 identified and subsequently discounted using the companies adjusted risk free rate of return to reflect timing of future cash outflows

2. SEGMENTAL INFORMATION

	31 March 2011			31 March 2010		
Classes of business	**Turnover £'000**	**Pre-tax profit/ (loss) £'000**	**Net assets/ (liabilities) £'000**	**Turnover £'000**	**Pre-tax profit/ (loss) £'000**	**Net assets/ (liabilities) £'000**
Car parking	228,185	(2,999)	37,517	254,547	(4,465)	31,810
Rental income	4,816	3,883	7,071	6,893	7,207	7,103
Total	233,001	884	44,588	261,440	2,742	38,913
Group items	-	(157,030)	(271,043)	-	(95,812)	(109,298)
	233,001	(156,146)	(226,455)	261,440	(93,070)	(70,385)

a) All turnover during the year derived from activities in the United Kingdom and from two classes of business, car parking and rental income

b) "Rental income" net assets are the investment properties disclosed in note 13

c) "Group items" pre-tax loss comprises goodwill amortisation, net interest expense and other financing costs paid "Group items" net assets principally comprise cash, goodwill, bank loans, the commercial mortgage facility and loan notes

d) Part of the Group's turnover is derived from the management of car parks on behalf of their principal owners Car parking turnover is stated after deducting car park receipts paid over to principals and, therefore, only includes the management fee retained by the Group in these cases Disclosed on the face of the profit and loss account are

(i) "Gross receipts, including site owners' share" which represents total receipts including the car park receipts received by the company on behalf of principals as well as the management fee retained by the Group, and

(ii) "Site owners' share of gross receipts" which represents the car park receipts payable to the car park site owners

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	31 March 2011 £'000	Restated 31 March 2010 £'000
Loss on ordinary activities before taxation is after charging		
Auditors' remuneration		
- for the audit of the Group's financial statements		
- current auditor	115	69
- other services		
- taxation services – current auditor	10	10
- taxation services – previous auditor	157	140
- audit of subsidiaries	227	174
- other services	5	27
Goodwill amortisation	32,821	32,820
Goodwill impairment	62,703	-
Intangible asset amortisation	910	1,061
Depreciation of owned assets	15,959	19,079
Depreciation of leased assets	612	257
Impairment (credit)/charge of tangible fixed assets	(50)	2,100
Loss on disposal of fixed assets	710	4,598
Operating lease rentals – land and buildings	132,076	135,690
Operating lease rentals – other	1,568	1,911
After crediting		
Amortisation of government grants	17	17
Rents receivable from property	4,816	6,893

The Company's audit fee of £115,000 (2010 £69,000) has been borne by National Car Parks Limited, a subsidiary company

The operating lease rentals – land and buildings charge for 2010 of £135,690,000 has been restated from the £117,894,000 previously reported to correct for excluded items, and to present a figure on the same basis as the £132,076,000 for 2011

4. EXCEPTIONAL ITEMS REPORTED AFTER OPERATING LOSS

During the year a management contract to operate car parks at Gatwick airport ended and the Group did not win the tender to continue this contract This led to the disposal of assets operating at this site, with a corresponding loss on disposal of these assets of £708,748

During the year ended 31 March 2010 a management contract to operate car parks at Heathrow airport ended and the Group did not win the tender to continue this contract This has led to the disposal of assets operating at this site with a corresponding loss on disposal of these assets of £4,405,603

The effects of the exceptional items reported after operating loss on the amounts charged to the profit and loss account were

	31 March 2011 £'000	31 March 2010 £'000
Loss on disposal of fixed assets	709	4,406

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

5 REMUNERATION OF DIRECTORS

The dırectors of the company are employed by Macquarıe Capıtal Group Lımıted, London Branch, an affılıate of the manager of the ultımate parent of the group, Macquarıe European Infrastructure Fund II No fees were payable durıng the year ın respect of the dırectors' servıces

None of the dırectors receıved any emoluments durıng the current and precedıng years ın respect of theır servıces to the Company or any other Group company

6. STAFF NUMBERS AND COSTS

The average monthly number of persons ıncludıng dırectors employed by the Group durıng the year, analysed by category, was as follows

	31 March 2011 Number	31 March 2010 Number
Dırectors	3	3
Managerıal and clerıcal staff	146	121
Operatıonal staff	1,376	1,849
	1,525	1,973

The aggregate payroll costs of these persons were as follows

	31 March 2011 £'000	31 March 2010 £'000
Wages and salarıes	29,546	37,294
Socıal securıty costs	2,727	3,343
Other pensıon costs	286	275
Redundancy costs	414	324
	32,973	41,236

Oher pensıon costs represent £110,164 (2010 £125,011) ın respect of the defıned benefit scheme and £174,538 (2010 £150,249) ın respect of the defıned contrıbutıon scheme

The Company had no employees durıng eıther year

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

7 OTHER OPERATING INCOME

	31 March 2011 £'000	31 March 2010 £'000
Compensation income (a)	7,065	7,319
Cendant corporation settlement income (b)	-	4,346
Amortisation of government grant	17	17
Other	855	207
	7,937	11,889

(a) Compensation income relates to payments for early removal or termination of a lease on a car park site
(b) Final settlement in respect of an acquisition agreement dated 22 May 2002 between a third party and subsidiaries

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	31 March 2011 £'000	31 March 2010 £'000
Bank interest receivable	284	359
Settlement interest receivable	-	1,352
Other finance income (note 25(c))	100	100
	384	1,811

9. INTEREST PAYABLE AND SIMILAR CHARGES

	31 March 2011 £'000	31 March 2010 £'000
On bank overdrafts and other borrowings		
Commercial mortgage facility interest payable	1,682	2,115
Commercial mortgage facility break fee	29	874
Bank loans	28,919	28,663
Fixed rate unsecured redeemable loan notes 2007	19,856	17,990
Payment in kind notes	8,947	5,755
Finance leases	421	108
Other	383	145
	60,237	55,650
Amortisation of debt issue costs		
Bank loans	1,672	1,668
Other	363	362
	2,035	2,030
Notional interest on provisions (note 18)	2,718	2,807
Total interest payable	64,990	60,487

Notional interest on provisions represents the unwinding of the discount in relation to provisions for dilapidations and onerous contracts

10. TAX ON LOSS ON ORDINARY ACTIVITIES

a) Analysis of tax on loss on ordinary activities

	31 March 2011 £'000	31 March 2010 £'000
Current tax:		
United Kingdom corporation tax on losses of the year	(411)	(576)
Prior year adjustment	34	693
	(377)	117
Deferred tax:		
Origination and reversal of timing differences	75	187
Total deferred tax (note 18)	75	187
Tax (charge)/credit on loss on ordinary activities	(302)	304

b) Factors affecting tax charge for the current year

The tax assessed for the year is different from than that resulting from applying the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are explained below

	31 March 2011 £'000	31 March 2010 £'000
Loss on ordinary activities before taxation	(156,146)	(93,070)
Tax credit at 28% (2010 28%) thereon	43,721	26,060
Effects of		
Expenses not deductible for tax purposes	(9,834)	(9,655)
Depreciation on non-qualifying assets	(238)	(603)
Capital allowances in excess of depreciation	(2,640)	(1,732)
Non taxable income	-	1,959
Loss on sale of fixed assets	-	(1,233)
Impairment	(17,639)	(50)
Other deferred tax movements	79	(28)
Prior year adjustment	34	693
Losses not recognised as a deferred tax asset	(13,860)	(15,294)
Current tax (charge)/credit for year	(377)	117

A deferred tax asset has not been recognised in respect of timing differences relating to surplus losses not utilised in the current year as there is insufficient evidence that the asset will be recovered The amount of the deferred tax asset not recognised is £58,906,000 (2010 £48,477,000) The impact in the reduction in the corporation tax rate from 28% to 26% on the opening deferred tax asset not recognised is a reduction of £3,463,000

c) Factors that may affect the future tax charge

Deferred tax has not been provided on revaluations of fixed assets, nor on the gains realised that have been rolled over into the acquisition cost of replacement assets It is not currently envisaged that any tax will become payable in relation to the gains in these assets Capital gains rolled over but not provided amount to £1,041,000 (2010 £1,121,000)

11 PROFIT ATTRIBUTABLE TO THE COMPANY

The loss for the financial year ended 31 March 2011 dealt with in the financial statements of the parent company was £205 8 million (2010 profit of £35 8 million) As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company

12. INTANGIBLE ASSETS

GROUP	Goodwill	Management agreements	Total
	£'000	£'000	£'000
Cost			
At 1 April 2010 and 31 March 2011	710,487	5,306	715,793
Accumulated amortisation			
At 1 April 2010	153,614	1,181	154,795
Charge for the year	32,821	910	33,731
Impairment charge for the year	62,703	-	62,703
At 31 March 2011	249,138	2,091	251,229
Net book value			
At 31 March 2011	461,349	3,215	464,564
At 31 March 2010	556,873	4,125	560,998

Management agreements

In 2009 a group company acquired the rights to operate 25 surface level car parks over 5 years and the right to operate 2 multi-storey car parks once constructed

Impairment

At the year end a full impairment review was carried out This adopted a value in use methodology and included the following assumptions

- for the first 5 years, the internal business plan is used to forecast cashflows,
- after this initial period, a long term growth rate at 4 25% is applied to drive a terminal value, comprising 3% Retail price index (RPI) and 1 25% real growth, and
- the discount rate applied is a pre tax weighted average cost of capital of 9 6%

As a result of the review for this year using the current assumptions stated above goodwill impairment of £62,703,000 (2010 £nil) has been recognised

Company

The Company did not have any intangible assets in the current or prior year

MEIF II CP Holdings 1 Limited

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

13. TANGIBLE FIXED ASSETS

Group	Freehold land and property £'000	Long-leasehold property £'000	Short-leasehold property £'000	Fixtures, fittings, plant and machinery £'000	Total £'000
Cost and valuation					
At 1 April 2010	31,267	23,270	39,310	99,166	193,013
Additions	-	-	50	11,335	11,385
Reclassification	-	(1,107)	1,107	-	-
Disposals	(5,570)	-	-	(4,477)	(10,047)
At 31 March 2011	25,697	22,163	40,467	106,024	194,351
Accumulated depreciation					
At 1 April 2010	5,738	4,897	9,675	46,240	66,550
Impairment write back	-	-	(50)	-	(50)
Charge for the year	-	559	1,910	14,102	16,571
Reclassification	-	(599)	599	-	-
Disposals	(1,570)	-	-	(3,688)	(5,258)
At 31 March 2011	4,168	4,857	12,134	56,654	77,813
Net book value					
At 31 March 2011	21,529	17,306	28,333	49,370	116,538
At 31 March 2010	25,529	18,373	29,635	52,926	126,463

The net book value of land and buildings comprises

	Operating properties £'000	Investment properties £'000	Total £'000
Freehold	14,925	6,604	21,529
Long leasehold	17,306	-	17,306
Short leasehold	27,866	467	28,333
	60,097	7,071	67,168

Investment properties, and those elements of operating properties not dedicated to parking, were valued on an open market value basis in September 2005 Investment and operating properties are revalued annually by a suitably experienced member of the Group For investment properties this is based upon a realistic market value and for operating properties based upon a discounted future cashflow Following this review of the value of the portfolio of properties at 31 March 2011, an impairment credit of £50,000 (2010 charge of £2,100,000) was recognised

Included in freehold land and property is land valued at £14,925,000 (2010 £18,925,000) and property valued at £6,604,000 (2010 £6,604,000) which are not depreciated

13. TANGIBLE FIXED ASSETS (CONTINUED)

Assets held under finance leases and capitalised in fixtures, fittings, plant and machinery

	31 March 2011		31 March 2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Cost	3,680	-	2,473	-
Aggregate depreciation	(1,733)	-	(967)	-
Net book value	1,947	-	1,506	-

Company

The Company did not have any tangible fixed assets in the year

14 FIXED ASSET INVESTMENTS

	Group £'000	Company £'000
Cost		
At 1 April 2010 and 31 March 2011	-	241,645
Provision for impairment		
At 1 April 2010	-	-
Impairment in the year	-	241,645
At 31 March 2011	-	241,645
Net book value		
At 31 March 2011	-	-
At 31 March 2010	-	241,645

The Company's fixed asset investment consists of

a) shares in MEIF II CP Holdings 2 Limited representing a 99 99% holding (2010 99 99%), with total value £241,644,977 (2010 £241,644,977) comprising

- 238,999,811 (2010 238,999,811) Non-Voting Preference Shares,
- 910,000, (2010 910,000) Investor Ordinary Shares,
- 75,596 (2010 75,596) Employee A Ordinary Shares,
- 3,150 (2010 3,150) Employee B Ordinary Shares, and
- 20 (2010 20) Non-Voting Deferred Shares

b) 1 (2010 1) ordinary share of £1 (2010 £1) in MEIF II CP 1A Limited representing a 100% shareholding

Both MEIF II CP Holdings 2 Limited and MEIF II CP 1A Limited are companies registered in England The principal activity of MEIF II CP Holdings 2 Limited is a holding company and MEIF II CP 1A Limited is a financing company

At the year end a full impairment review was carried out This adopted a value in use methodology, using the assumptions set out in note 12 As a result of the review an impairment of £241,645,000 (2010 £nil) has been recognised

14 FIXED ASSET INVESTMENTS (CONTINUED)

Principal group investments

The Company has investments in the following subsidiary undertakings which principally affect the profits or net assets of the Group To avoid a statement of excessive length, only details of active undertakings have been included

	Country of incorporation or principal business address	Principal activity	Class of share	Holding %
MEIF II CP Holdings 3 Limited	England	Holding Company	Ordinary	100
MEIF II CP Holdings 2 Limited +	England	Holding Company	Ordinary	99 99
MEIF II CP 1A Limited +	England	Holding Company	Ordinary	100
Oval (2042) Limited	England	Holding Company	Ordinary	100
Oval (2041) Limited	England	Holding Company	Ordinary	100
PIHL (2003) Limited	England	Holding Company	Ordinary	100
Primepanel Limited	England	Holding Company	Ordinary	100
Trendcycle Limited	England	Holding Company	Ordinary	100
Statusaward Limited	England	Holding Company	Ordinary	100
Pointspec Limited	England	Holding Company	Ordinary	100
Boardpost	England	Holding Company	Ordinary	100
National Car Parks Group Limited	England	Holding Company	Ordinary	100
National Car Parks Limited	England	Car parking	Ordinary	100
National Car Parks Manchester Limited	England	Car parking	"A" Ordinary	75
Park & Ride Limited	England	Car parking	Ordinary	100
George Watt Limited	England	Car parking	Ordinary	100
NCP London Central City Limited	England	Property trading	Ordinary	100
NCP London Soho Limited	England	Property trading	Ordinary	100
NCP London West Limited	England	Property trading	Ordinary	100
NCP London Central City Development Limited	England	Property trading	Ordinary	100
NCP London West Development Limited	England	Property trading	Ordinary	100
NCP North West Limited	England	Property trading	Ordinary	100
NCP North East Limited	England	Property trading	Ordinary	100
NCP North East Development Limited	England	Property trading	Ordinary	100
NCP North West Development Limited	England	Property trading	Ordinary	100
NCP South England Limited	England	Property trading	Ordinary	100
NCP South East and East Anglia Limited	England	Property trading	Ordinary	100
NCP East Anglia Development Limited	England	Property trading	Ordinary	100
NCP Northern Ireland Limited	England	Property trading	Ordinary	100
NCP South West & Wales Limited	England	Property trading	Ordinary	100
NCP South West & Wales Development Limited	England	Property trading	Ordinary	100
NCP Midlands Limited	England	Property trading	Ordinary	100
NCP Midlands Development Limited	England	Property trading	Ordinary	100
NCP Empire No 2 Limited	England	Property trading	Ordinary	100
NCP Empire No 3 Limited	England	Property trading	Ordinary	100
NCP Empire No 4 Limited	England	Holding Company	Ordinary	100

\+ Held directly by the Company

All of the investments held above produced their statutory financial statements for the period ending 25 March 2011 (2010 26 March 2010) The Group produces its statutory financial statements to the year ending 31 March 2011, the reason for this is that the group reports its results to the same date as its ultimate parent company The additional six day period is calculated based on pro-rata management accounts for April

All subsidiary undertakings are included within the consolidated financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

14. FIXED ASSET INVESTMENTS (CONTINUED)

National Car Parks Manchester Limited ("NCP Manchester")

The Group owns 7,500 "A" ordinary shares of £1 each, representing 75% of NCP Manchester's called up share capital and entitling the Group to 55% of the voting rights, 55% of the capital returned on a winding up and 55% of dividends paid The Group's share of NCP Manchester's pre- and post-tax profits approximates to its 75% share of the total share capital

The other shareholders, the Council of the City of Manchester and its wholly-owned subsidiary, Manchester Parking Limited, own 2,000 "B" ordinary and 500 "C" ordinary shares respectively, representing 25% of the share capital of NCP Manchester, and entitling them to 45% of the voting rights, 45% of the capital returned on a winding up and 45% of dividends paid

15. DEBTORS

	31 March 2011		31 March 2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts due within one year				
Trade debtors	8,567	-	11,428	-
Amounts owed by group undertakings	-	146,057	-	109,333
Other debtors	3,841	-	3,076	-
Prepayments and accrued income	50,272	-	44,691	-
	62,680	146,057	59,195	109,333

Amounts owed by Group undertakings include £144,087,420 (2010 £108,826,763) which are interest bearing at a rate of 15% and repayable on a six month cumulative basis

	31 March 2011		31 March 2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts due after one year				
Fixed rate unsecured redeemable loan notes 2037	-	40,000	-	15,000
PIK notes	-	3,008	-	641
	-	43,008	-	15,641

The fixed rate unsecured redeemable loan notes are due from a subsidiary company and bear interest at 13%, which is payable semi-annually in arrears Any interest which remains unpaid at the end of each semi-annual period continues to accrue and may be settled by the issuance of Payment in kind ("PIK") notes, which bear interest at 13%

NOTES TO THE FINANCIAL STATEMENTS
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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2011		31 March 2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Obligations under finance leases and hire purchase contracts (note 17)	294	-	773	-
Other loans	233	-	-	-
Amounts owed to parent undertakings	-	74	-	74
Amounts owed to group undertakings	-	1,370	-	501
Trade creditors	10,003	-	25,856	-
Corporation taxation	169	-	272	-
Other taxation and social security	3,476	-	2,425	-
Other creditors	2,371	-	4,801	-
Accruals and deferred income	98,112	-	96,772	-
	114,658	1,444	130,899	575

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 March 2011		31 March 2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans	462,761	-	456,418	-
Commercial mortgage facility – repayable after five years	27,305	-	27,784	-
Obligations under finance leases and hire purchase contracts	1,958	-	135	-
Other loans	1,775	-	-	-
Government grants	642	-	659	-
Fixed rate unsecured redeemable loan notes 2037	170,000	40,000	145,000	15,000
PIK notes	82,531	3,008	55,377	641
	746,972	43,008	685,373	15,641

The fixed rate unsecured redeemable loan notes in the books of the Company are due to a subsidiary company and bear interest at 13%, which is payable semi-annually in arrears Any interest which remains unpaid at the end of each semi-annual period continues to accrue and may be settled by the issuance of payment in kind ("PIK") notes, which bear interest at 13%

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Bank loans and commercial mortgage facility

During the year the Group had the following loan facilities

Facility	Facility amount £million	Interest rate payable per annum	Termination Date	Maximum balance during year £ million	Balance at 31 March 2011 £ million
Royal Bank of Scotland ("RBS") Facilities					
Commercial mortgage facility	27 8	7 0309%	April 2017	27 8	27 3
Royal Bank of Canada ("RBC") Facilities					
Senior facilities					
"Facility A"	425 0	LIBOR plus a margin of 1 5%	19 March 2014	425 0	420 2
"Facility B"	17 9	LIBOR plus a margin of 1 5%	19 March 2014	17 9	17 9
"Revolving facility"	25 0	LIBOR plus a margin of 1 5%	19 March 2014	24 7	24 7
MEIF II Luxembourg Holdings Sarl					
Loan notes	170 0	13%	31 December 2037	170 0	170 0
PIK notes	500 0	13%	31 December 2037	82 5	82 5
Total					742 6

RBS commercial mortgage facility

For the term of the loan the interest rate is fixed at 7 0309% The rate of interest for the loan is the percentage rate per annum which is the aggregate of the applicable

a) margin (1 3% per annum),

b) LIBOR (RBS has on behalf of the Group swapped this rate for a fixed rate of 5 62%), and

c) mandatory costs (0 1109%)

The commercial mortgage is secured by a fixed charge over the properties owned by a number of group companies

Debt issue costs are allocated to the profit and loss account over the terms of the commercial mortgage facility at a constant rate on the carrying amount The commercial mortgage facility above is stated net of these unamortised issue costs of £0 2 million

RBC senior facilities

On 19 March 2007, a new senior facility totalling £500 million was taken out £425 million of these facilities (representing "Facility A") were drawn down by MEIF II CP Holdings 3 Limited, a fellow group company, and were principally used to acquire 100% of the issued share capital of Parking Holdings Limited, which indirectly owned the NCP group of companies

On 19 March 2007 £6 0 million was drawn down on the RBC Facility B by MEIF II CP Holdings 3 Limited and was used to repay part of the commercial mortgage facility A further £11 8 million was drawn down on 25 June 2008 to finance capital expenditure for the Group On 15 January 2009 and 29 December 2009 £15 million and £5 million respectively were drawn down from the RBC revolving facility and used as working capital for the Group On 29 June 2010 the final £4 7 million was drawn down from the RBC revolving facility and used as working capital for the Group

MEIF II CP Holdings 1 Limited

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

RBC senior facilities (continued)

The RBC senior facilities are secured by a fixed and floating charge over the Group's assets The Group incurred total issue costs of £11 5 million in respect of the senior facilities agreement entered into with RBC on 19 March 2007 These RBC senior facilities issue costs are allocated to the profit and loss account over the terms of the new loan facilities at a constant rate on the carrying amount The RBC senior facilities are stated net of these unamortised issue costs of £4 8 million

On 19 March 2007, as part of the Group's interest rate management strategy, MEIF II CP Holdings 3 Limited entered into two interest rate swaps for a total notional principal amount of £425 million maturing on 31 December 2031 (with a break clause at 31 December 2014) In 2009 one of the swap counterparties novated its interest in the swap arrangement to 2 new parties so that at the year end there were three swaps as follows

Macquarie Bank Limited for	£212,500,000
Halifax Bank of Scotland (HBOS) Treasury Services PLC for	£141,666,667
DEPFA Bank PLC for	£ 70,833,333

Under these swaps, MEIF II CP Holdings 3 Limited received interest on a variable basis and paid interest at a fixed rate of 4 085% up to 31 December 2009, 4 585% throughout 2010 and 4 785% from 1 January 2011 to 31 March 2011 The fixed rate increases over the life of the swap arrangement reaching an eventual high of 5 40% for the Macquarie Bank Limited swap and 4 983% for the HBOS Treasury Services PLC and DEPFA Bank PLC swaps

The fair value gain/(loss) of these interest rate swaps as at 31 March 2011 was

Macquarie Bank Limited for	(£37,225,435)
HBOS Treasury Services PLC for	(£17,360,022)
DEPFA Bank PLC for	(£8,478,261)

The proceeds from the settlement of the interest rate swap on the Parking Holdings Limited group debt for £8 7 million in March 2007 were paid to acquire the RBC and DEPFA Bank PLC interest rate swaps, reducing the fixed interest rate, and is being amortised over the life of the swap The unamortised prepayment of £7 3 million is presented in prepayments and accrued income

MEIF II Luxembourg Holdings Sarl

On 19 March 2007, loan notes totalling £130 million were issued by MEIF II CP 1A Limited to MEIF II Luxembourg Holdings Sarl On 3 September 2009 additional loan notes totalling £15 million were issued by MEIF II CP 1A Limited to MEIF II Luxembourg Holdings Sarl On 2 December 2010 additional loan notes totalling £25 million were issued by MEIF II CP 1A Limited to MEIF II Luxembourg Holdings Sarl The loan notes are all listed on the Channel Islands Stock Exchange as 13% unsecured and limited recourse notes due on 31 December 2037

All of the above loan notes bear interest at 13%, which is payable semi-annually in arrears Any interest which remains unpaid at the end of each semi-annual period automatically converts to Payment in Kind ("PIK") notes, which bear interest at 13% At year end, accrued interest on the loan notes which did not yet qualify for conversion to PIK notes amounted to £8,095,114 (2010 £6,447,984)

The loan notes are repayable on 31 December 2037 The PIK notes can be redeemed by the issuer at any point but ultimately fall due on 31 December 2037

MEIF II CP Holdings 1 Limited

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17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Maturity of debt

	31 March 2011		31 March 2010	
	Group £'000	Company £'000	Group £'000	Company £'000
In more than two years, but not more than five years	462,761	-	456,418	-
In more than five years (non instalment debts)	279,836	43,008	228,162	15,641
	742,597	43,008	684,580	15,641

Obligations under finance leases and hire purchase contracts

Amounts due under finance leases and hire purchase contracts are as follows

	31 March 2011		31 March 2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Within one year	294	-	773	-
In more than one year, but not more than five years	1,958	-	135	-
Amounts due	2,252	-	908	-

Other loans

Amounts due under other loans are as follows

	31 March 2011		31 March 2010	
	Group £'000	Company £'000	Group £'000	Company £'000
Within one year	233	-	-	-
In more than one year, but not more than five years	1,054			
In more than five years	721	-	-	-
Amounts due	2,008	-	-	-

18. PROVISIONS FOR LIABILITIES

Group	Provisions for dilapidations £'000	Provisions for onerous contracts £'000	Deferred taxation £'000	Total £'000
At 1 April 2010	31,057	7,798	98	38,953
(Credited)/charged to profit and loss account	(7,542)	5,333	(75)	(2,284)
Notional interest	1,930	788	-	2,718
Utilised during the year	(1,086)	(2,146)	-	(3,232)
At 31 March 2011	24,359	11,773	23	36,155

The provision for onerous contracts represents forecast losses on onerous contracts, these are extrapolated until the lease termination date and subsequently discounted to reflect timing of future cash outflows

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 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 year

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

Deferred tax is provided on short-term timing differences between capital allowances and depreciation and other short-term timing differences

Movement on deferred tax provision in the year

Group	2011 £'000	2010 £'000
At 1 April	98	285
Credited to profit and loss account	(75)	(187)
At 31 March	23	98

Analysis of deferred tax provision

Group	2011 £'000	2010 £'000
Capital allowances in excess of depreciation	(75)	(187)

Deferred tax liability relating to pension scheme asset

Group	2011 £'000	2010 £'000
At 1 April	56	420
Deferred tax charge in profit and loss account	26	28
Deferred tax charged/(credited) to the statement of total recognised gains and losses on actuarial gain/loss	412	(392)
At 31 March	494	56

The deferred tax liability of £494,000 (2010 £56,000) has been deducted in arriving at the net pension scheme asset

Company

The Company has no provisions in either year

19 CALLED UP SHARE CAPITAL

	Group and Company 31 March 2011 £'000	Group and Company 31 March 2010 £'000
Authorised		
500,000,000 ordinary shares of £0 01 each	5,000	5,000

	Group and Company 31 March 2011 £'000	Group and Company 31 March 2010 £'000
Allotted and fully paid·		
241,929,813 (2010 241,929,813) ordinary shares of £0 01 each	2,419	2,419

20 RESERVES

	Share premium account £'000	Profit and loss account £'000
Group		
At 1 April 2010	239,511	(312,790)
Loss for the financial year	-	(157,575)
Actuarial gain on pension scheme	-	1,600
Deferred taxation charge on pension scheme	-	(412)
At 31 March 2011	239,511	(469,177)

	Share premium account £'000	Profit and loss account £'000
Company		
At 1 April 2010	239,511	108,786
Loss for the financial year	-	(205,777)
At 31 March 2011	239,511	(96,991)

21 MINORITY INTEREST

	MEIF II CP Holdings 2 Limited £'000	National Car Parks Manchester Limited £'000	Total £'000
At 1 April 2010	274	201	475
Profit for the financial year	-	1,127	1,127
Equity dividend paid	-	(810)	(810)
At 31 March 2011	274	518	792

The equity minority interest in NCP Manchester comprises 2,000 "B" Ordinary shares of £1 each and 500 "C" ordinary shares of £1 each in the capital of NCP Manchester

The equity minority interest held in MEIF II CP Holdings 2 Limited represents the value held by the Group's management incentive plan which was set up for key management working within the Group

Under the long term management incentive plan loan notes were allocated to key management working within the Group, these were then exchanged for shares in MEIF II CP Holdings 2 Limited on the 19 March 2007 The scheme had a hard equity element which ran to December 2009 and a sweet equity element which runs through to December 2011 Under the hard equity agreement, senior management are entitled to receive additional returns on their reinvestment dependent on the achievement of group financial performance targets The sweet equity scheme pays out a percentage of over-performance of the original long term financial plans as agreed on the 19 March 2007

The £0 3m (2010 £0 3m) equity minority interest comprises 10,854 (2010 10,854) Employee A Ordinary Shares of £0 10 each and 400 (2010 400) Employee B Ordinary Shares of £0 10 each in MEIF II CP Holdings 2 Limited, these shares were issued on 19 March 2007 This represented 0 01% (2010 0 01%) of the total shares in the MEIF II CP Holdings 2 Limited

22 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

	31 March 2011 £'000	31 March 2010 £'000
Operating loss	(90,831)	(29,988)
Depreciation, impairment and amortisation	112,955	55,310
Loss on disposal	-	192
(Increase)/decrease in debtors	(3,887)	21,500
(Decrease)/increase in creditors	(19,230)	592
Decrease in provisions	(5,441)	(6,425)
Net cash (outflow)/inflow from operating activities	(6,434)	41,181

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MEIF II CP Holdings 1 Limited

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23 ANALYSIS AND RECONCILIATION OF NET DEBT

	31 March 2010 £'000	Cash flow £'000	Non-cash changes £'000	31 March 2011 £'000
Cash at bank and in hand	38,040	(11,898)	-	26,142
Debt due after one year				
Bank loans	(456,418)	(4,714)	(1,629)	(462,761)
Commercial mortgage	(27,784)	492	(13)	(27,305)
Fixed rate unsecured redeemable loan notes 2037	(145,000)	(25,000)	-	(170,000)
Other loans due after one year	-	(1,775)	-	(1,775)
Debt due within one year				
PIK note due to ultimate parent company	(55,377)	-	(27,154)	(82,531)
Other loans due within one year	-	(233)	-	(233)
Finance leases due after one year	(135)	(395)	(1,428)	(1,958)
Finance leases due within one year	(773)	479	-	(294)
	(685,487)	(31,146)	(30,224)	(746,857)
Net debt	(647,447)	(43,044)	(30,224)	(720,715)

The other non-cash changes principally comprise the interest on the loan notes which is accumulated within the loan balance, amortisation of debt issue costs, and an increase in finance leases

	2011 £'000	2010 £'000
(Decrease)/increase in cash in the year	(11,898)	7,977
Cash inflow from increase in debt financing	(31,146)	(11,705)
Change in net debt resulting from cash flows	(43,044)	(3,728)
Other non-cash changes	(30,224)	(23,933)
Movement in net debt in year	(73,268)	(27,661)
Net debt at start of year	(647,447)	(619,786)
Net debt at end of year	(720,715)	(647,447)

23. ANALYSIS AND RECONCILIATION OF NET DEBT (continued)

	2011 £'000	2010 £'000
Movement in borrowings		
Debt due after one year		
Repayment of part of Commercial Mortgage Facility	(492)	(7,600)
Debt due after one year		
New secured RBC bank loans	4,714	5,000
Fixed Rate Unsecured Redeemable Loan Notes 2037	25,000	15,000
	29,714	20,000
Increase in borrowings	29,222	12,400
Other loans	2,008	-
Finance leases	(84)	(695)
Cash inflow	31,146	11,705

24 CONTINGENT LIABILITIES

Under a Group registration the Company is jointly and severally liable for value added tax due by other Group Companies At 31 March 2011, this contingent liability amounted to £2 4 million (2010 £1 6 million) Contingent guarantees are disclosed in note 26

At 31 March 2011 the Group had ongoing commercial disputes with certain landlords and counterparties The directors believe that it is unlikely that any of these disputes will have a material effect on the Group's financial position

25 NATIONAL CAR PARKS PENSION FUND

For some employees, the Company operates a funded pension plan providing benefits for its employees based on final pensionable pay Since April 2005 the scheme has been closed to new members The assets of the plan are held in a separate trustee administered fund

The results of the formal actuarial valuation as at 5 April 2009 were updated to the accounting date by an independent qualified actuary in accordance with FRS17 'Retirement benefits'

In July 2010, the Government announced its intention that future statutory minimum pension indexation would be measured by the Consumer Prices Index, rather than the Retail Prices Index This has been reflected in the Company's assumptions and a gain of £1 0 million has been recognised as a result of the change as it affects the indexation of deferred benefits between the date a member leaves the service and the date they retire This gain is included in actuarial gains on assumptions in the figures below The final position has not yet been agreed with the trustees of the plan, but the financial statements reflect the outcome the Company fully expects to reach For pensions in payment the Company continues at this stage to allow for benefits to increase in line with the Retail Prices Index Any changes would be reflected in next year's financial statements

The expected rate of return on assets for the financial year ending 31 March 2011 was 6 8% pa (2010 6 9% pa) This rate is derived by taking the weighted average of the long term expected rates of return on each of the asset classes that the plan was invested in at 31 March 2010

The estimated amount of total employer contributions expected to be paid to the plan during 2011/12 is £0 1 million (2010/11 actual £0 1 million)

MEIF II CP Holdings 1 Limited

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25. NATIONAL CAR PARKS PENSION FUND (continued)

The major assumptions used in the calculation required under FRS 17 'Retirement benefits' were

a) **Assumptions**	**31 March 2011**	**31 March 2010**	**31 March 2009**
Retail Prices Index inflation	3 5% pa	3 7% pa	3 2% pa
Consumer Prices Index inflation	2 8% pa	n/a	n/a
Discount rate	5 5% pa	5 5% pa	6 9% pa
Pension increases in payment	3 4% pa	3 6% pa	3 1% pa
Salary increases			
Category A	5 5% pa	5 7% pa	5 2% pa
Category B	4 5% pa	4 7% pa	4 2% pa
Expected return on assets			
Equity instruments and diversified growth fund	7 6% pa	7 8% pa	8 5% pa
Life expectancy of male aged 65 in 2011	21 6 years	22 7 years	22 6 years
Life expectancy of female aged 65 in 2011	24 4 years	25 2 years	25 2 years
Life expectancy of male aged 65 in 2031	23 5 years	24 7 years	24 6 years
Life expectancy of female aged 65 in 2031	26 3 years	26 4 years	26 4 years

b) Scheme assets

The amount included in the balance sheet arising from the Company's obligations in respect of the plan is as follows

	31 March 2011 £'000	**31 March 2010 £'000**	**31March 2009 £'000**
Present value of defined benefit obligations	(34,600)	(38,100)	(29,000)
Fair value of plan assets	39,000	38,300	30,500
Gross pension asset	4,400	200	1,500
Amount not recognised to reflect the asset limit	(2,500)	-	-
Gross pension asset recognised on balance sheet	1,900	200	1,500
Related deferred tax liability	(494)	(56)	(420)
Net pension asset	1,406	144	1,080

Financial Reporting Standard 17 'Retirement benefits' only allows a surplus to be recognised as an asset to the extent that the Company is able to recover the surplus either through reduced future contributions or through refunds from the scheme The maximum balance sheet asset at March 2011 has been calculated as £1 9 million, and accordingly the amount recognised has been restricted

c) The amounts recognised in profit and loss are as follows:

	31 March 2011 £'000	**31 March 2010 £'000**
Administrative expenses:		
Employer's part of current service cost	100	100
Other finance income:		
Interest cost	2,100	1,900
Expected return on plan assets	(2,600)	(2,000)
Restriction on expected return on assets due to unrecognised surplus	400	-
Total included in profit and loss account	-	-

25. NATIONAL CAR PARKS PENSION FUND (continued)

d) The current allocation of the plan's assets is as follows:

	31 March 2011	31 March 2010	31 March 2009
Equity instruments and diversified growth fund	54%	67%	62%
Debt instruments	37%	28%	37%
Other	9%	5%	1%
	100%	100%	100%

e) Changes in the present value of the defined benefit obligation are as follows:

	31 March 2011 £'000	31 March 2010 £'000
Opening defined benefit obligation	38,100	29,000
Employer's part of current service cost	100	100
Interest cost	2,100	1,900
Actuarial (gain)/loss	(4,000)	9,400
Benefits paid	(1,700)	(2,300)
Closing defined benefit obligation	34,600	38,100

f) Changes in the fair value of the plan assets are as follows:

	31 March 2011 £'000	31 March 2010 £'000
Opening fair value of the plan assets	38,300	30,500
Expected return on plan assets	2,600	2,000
Actuarial (loss)/gain	(300)	8,000
Contributions by the employer	100	100
Benefits paid	(1,700)	(2,300)
Closing fair value of plan assets	39,000	38,300

The actual return on the plan's assets over the year to 31 March 2011 was a gain of £2 3 million (2010 gain of £10 0 million)

The amount recognised outside profit and loss in the statement of total recognised gains and losses (STRGL) for the year to 31 March 2011 is a gain of £1 6 million (2010 loss of £1 4 million) including the effect of changes in the asset limit)

The cumulative amount recognised from 31 March 2007 to 31 March 2011 included in the STRGL is a loss of £4 4 million including the effect of changes in the asset limit

25 NATIONAL CAR PARKS PENSION FUND (continued)

g) Amounts to be shown for the current and previous four periods

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000	29 December 2006 £'000
Present value of defined benefit obligation	34,600	38,100	29,000	31,700	35,600
Fair value of plan assets	(39,000)	(38,300)	(30,500)	(38,600)	(40,000)
(Surplus)	(4,400)	(200)	(1,500)	(6,900)	(4,400)

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000	29 December 2006 £'000
Experience adjustments on plan assets					
Amount of loss / (gain)	300	(8,000)	8,700	2,860	(3,100)
Percentage of plan assets	1%	(21%)	29%	7%	(8%)
Experience adjustments on plan liabilities					
Amount of loss / (gain)	-	-	-	-	(1,140)
Percentage of the present value of the plan liabilities	0%	0%	0%	0%	(3%)

26. FINANCIAL COMMITMENTS

Capital commitments are as follows

	Group 31 March 2011 £'000	Company 31 March 2011 £'000	Group 31 March 2010 £'000	Company 31 March 2010 £'000
Contracted for but not provided for				
Other	1,307	-	2,746	-

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

	31 March 2011 Land and buildings £'000	31 March 2011 Other £'000	31 March 2010 Land and buildings £'000	31 March 2010 Other £'000
Expiry date				
Within one year	4,067	113	742	124
In more than one year, but not more than five years	11,644	1,033	22,879	1,014
After five years	78,970	-	77,489	-
Amounts due	94,681	1,146	101,110	1,138

The Group is also obliged to make additional performance-related rental payments on a number of sites In the year ended 31 March 2011 these additional payments amounted to £41 4 million (2010 £45 3 million)

26. FINANCIAL COMMITMENTS (continued)

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

The Company does not have any operating leases

Financial guarantees

Where the Company enters into arrangements to guarantee the indebtedness of other companies within its 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

Where the Company is a beneficiary of group guarantees, the Company considers these to be insurance arrangements and accounts for them as such In this respect, the Company treats the guarantees as a contingent asset until such time as it becomes virtually certain that the Company will receive amounts under the guarantee

Facilities agreement and related debenture and cross guarantees

On 23 August 2004, Primepanel Limited, a fellow group company, entered into a £72,886,511 commercial mortgage facility agreement with RBS Primepanel Limited also entered into a debenture in favour of RBS and a fee debenture agreement with the fee beneficiary, NatWest Lease Management Limited ("NatWest"), a subsidiary of RBS, in relation to this facility

A number of Group companies acted as guarantors for this facility and also entered into the debenture agreement in favour of RBS and the fee debenture agreement with NatWest A number of Group companies also granted legal charges on certain of their properties to RBS and NatWest as further security for the commercial mortgage facility agreement

On 19 March 2007, the £385 million senior facilities agreement with Royal Bank of Canada and £44 million junior facilities agreement were replaced with a new £500 million senior facility agreement with Royal Bank of Canada The facility allows the participating group to senior debt facility of £425 million, working capital facility of £25 million and capex facility of £50 million

Tax deed guarantees

In 2002 Primepanel Limited, a fellow group company, entered into a tax deed with a third party, Bishopsgate Parking Limited ("Bishopsgate") A number of group companies guaranteed Primepanel Limited's obligations under this deed

Lease and remedial works guarantees

In 2002, National Car Parks Limited ("NCP"), a fellow group company, entered into standard security documents governed by Scottish law in favour of RBS (as Trustee) with respect to four properties in Scotland, and also entered into a fixed charge over a bank account in favour of Bishopsgate (as landlord under various leases) to secure its obligation to carry out certain remedial works to the properties held under the leases

On 8 September 2003, NCP entered into two renewal lease agreements in favour of Bishopsgate and Bishopsgate Parking (No 2) Limited ("Bishopsgate No 2"), a third party, in respect of leases over various premises A number of group companies guaranteed NCP's obligations under these agreements On 23 September 2003, these companies entered into a lease guarantee under which they are liable for the payment of the rents and other obligations of NCPL as tenant under various leases

On 17 November 2003, NCP entered into a charge over accounts and deposit agreement in favour of Bishopsgate No 2, and a deed of covenant in respect of remedial works in favour of Bishopsgate No 2 This deed was guaranteed by a number of group companies

27. RELATED PARTY TRANSACTIONS

MEIF II Luxembourg Holdings Sarl

On 19 March 2007 MEIF II CP 1A Limited issued a £130 million loan note to MEIF II Luxembourg Holdings Sarl On 3 September 2009 MEIF II CP 1A Limited issued a further £15 million loan note to MEIF II Luxembourg Holdings Sarl On 2 December 2010 MEIF II CP 1A Limited issued a further £25 million loan note to MEIF II Luxembourg Holdings Sarl The interest on the loan notes to date has been settled through the issue of PIK notes As at 31 March 2011 £82 5 million (2010 £55 4 million) of PIK notes had been issued as disclosed in note 17 and £8 1 million (2010 £6 4 million) of accrued interest on loan notes and PIK notes is included in accruals and deferred income in note 16

Directors and certain management of the Group

On 19 March 2007 £2 2 million of shares in MEIF II CP Holdings 2 Limited were issued to key management and directors as part of an incentive plan During the year £nil (2010 £0 6 million) of these were purchased by MEIF II CP Holdings 1 Limited, leaving £0 3 million (2010 £0 3 million) outstanding These are included in note 21 Minority Interests

Directors make any significant trading purchases from the Group and its affiliates on a normal, arms-length basis

28. ULTIMATE PARENT AND CONTROLLING PARTY

The Company's immediate parent and ultimate controlling party is Macquarie European Infrastructure Fund II, an English limited partnership with its registered office at PO Box 60, 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 group financial statements are prepared is Macquarie European Infrastructure Fund II

The smallest group into which the financial statements of the Company for the year ended 31 March 2011 are consolidated are the Company's consolidated financial statements embodied herein