

Company Registration No. 11877732 (England and Wales)

PROJECT NEPTUNE MIDCO 1 LIMITED
REPORT AND UNAUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022



PROJECT NEPTUNE MIDCO 1 LIMITED

COMPANY INFORMATION

Directors	S Abraham M F Coffin S J Cummings R Green
Company number	11877732
Registered office	Molteno House 302 Regents Park Road London N3 2JX
Accountants	RSM UK Tax and Accounting Limited Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

PROJECT NEPTUNE MIDCO 1 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

The statement of comprehensive income on page 4 shows a loss of £0.355m (2021: £0.300m). This is due to interest on loans to other group companies.

The statement of financial position on page 5 shows net liabilities of £1.112m (2021: £0.756m) for the company at the period end.

The only activities of the company during the year related to the payment of interest on its loans and the acquisition of its subsidiaries. The interest payable is at a fixed rate. As such, a review of key performance indicators is not deemed necessary.

Principal risks and uncertainties

Group risks are discussed in the financial statements of the parent company.

On behalf of the board

Stuart Cummings

.....
S J Cummings

Director

Date: 25/07/23
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PROJECT NEPTUNE MIDCO 1 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the period ended 31 March 2022.

Principal activities

The principal activity of the company was that of a holding company. The principal activity of the group is that of car park management services.

Results and dividends

The results for the year are set out on page 4.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S Abraham	
M Ali	(Resigned 31 January 2023)
M F Coffin	
S J Cummings	(Appointed 31 January 2022)
R Green	(Appointed 31 January 2023)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and exposure to risk.

On behalf of the board

Stuart Cummings

.....
S J Cummings
Director

Date: 25/07/23

ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF PROJECT NEPTUNE MIDCO 1 LIMITED ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

In order to assist you to fulfil your duties under the Companies Act 2006 ("the Act"), we prepared for your approval the financial statements of Project Neptune Midco 1 Limited which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes in accordance with the financial reporting framework set out therein from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Project Neptune Midco 1 Limited, as a body, in accordance with the terms of our engagement letter dated 7 June 2023. Our work has been undertaken solely to prepare for your approval the financial statements of Project Neptune Midco 1 Limited and state those matters that we have agreed to state to them in accordance with ICAEW Technical Release 07/16 AAF. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

It is your duty to ensure that Project Neptune Midco 1 Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Project Neptune Midco 1 Limited under the Act. You consider that Project Neptune Midco 1 Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Project Neptune Midco 1 Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

RSM UK Tax and Accounting Ltd

RSM UK Tax and Accounting Limited
Chartered Accountants
25 Farringdon Street
London
United Kingdom
EC4A 4AB

25/07/23
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PROJECT NEPTUNE MIDCO 1 LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

		2022	2021
	Notes	£	£
Administrative expenses		(3,300)	(3,700)
Interest receivable and similar income	5	7,382,000	6,711,000
Interest payable and similar expenses	6	(7,734,000)	(7,007,000)
Loss before taxation		(355,300)	(299,700)
Tax on loss	7	-	-
Loss for the financial year		(355,300)	(299,700)

PROJECT NEPTUNE MIDCO 1 LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	8		1		1
Current assets					
Debtors	10	81,203,000		73,821,000	
Creditors: amounts falling due within one year	11	<u>(1,292,550)</u>		<u>(1,175,250)</u>	
Net current assets			79,910,450		72,645,750
Total assets less current liabilities			79,910,451		72,645,751
Creditors: amounts falling due after more than one year	12		(81,022,086)		(73,402,086)
Net liabilities			<u>(1,111,635)</u>		<u>(756,335)</u>
Capital and reserves					
Called up share capital	14		1		1
Profit and loss reserves	15		<u>(1,111,636)</u>		<u>(756,336)</u>
Total equity			<u>(1,111,635)</u>		<u>(756,335)</u>

For the financial year ended 31 March 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the board of directors and authorised for issue on 25/07/23 and are signed on its behalf by:

Stuart Cummings

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S J Cummings
Director

PROJECT NEPTUNE MIDCO 1 LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2020	1	(456,636)	(456,635)
Year ended 31 March 2021:			
Loss and total comprehensive income for the year	-	(299,700)	(299,700)
Balance at 31 March 2021	1	(756,336)	(756,335)
Year ended 31 March 2022:			
Loss and total comprehensive income for the year	-	(355,300)	(355,300)
Balance at 31 March 2022	1	(1,111,636)	(1,111,635)

PROJECT NEPTUNE MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Project Neptune Midco 1 Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Molteno House, 302 Regents Park Road, London, N3 2JX.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

The results of the company are consolidated in the financial statements of Project Neptune Topco Limited. The consolidated financial statements are available from its registered office Molteno House, 302 Regents Park Road, London, England, N3 2JX

PROJECT NEPTUNE MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

The wider Project Neptune Topco Limited group is currently in the process of refinancing its bank loans (2022: £50.97m). This refinance commenced in January 2023, however there have been a number of exceptional circumstances that have caused significant delays in this process, namely the ongoing regulatory uncertainty relating to the Private Parking Code of Practice.

The current maturity date for the business's bank loans is 31st July 2023, however discussions with the business's existing lender indicate that this will be extended to accommodate these unexpected delays. The directors anticipate a successful conclusion to this process based on the advanced stage of ongoing discussions with the proposed lenders and the business's robust financial model.

The directors have prepared a full trading and cashflow forecast demonstrating the ongoing profitability and positive cashflow generation of the business. The directors have performed sensitivities on potential outcomes relating to the Private Parking Code of Practice, and in all such scenarios the business continues to generate positive cashflows. The directors therefore have a reasonable expectation that the company is in a position to *meet its liabilities as they fall due over the next 12 months, and meet expected financial covenants.*

Based on these considerations, and their confidence in a successful outcome to the refinance process, the directors consider it appropriate to prepare the financial statements on a going concern basis. However, due to the uncertainty over timing of conclusion of the refinancing, a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

PROJECT NEPTUNE MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including loan notes and accrued interest and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

PROJECT NEPTUNE MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Recoverability of group balances

The company has amounts owed by fellow group undertakings. The directors review the amounts owed on an annual basis and assess the recoverability of these balances. The directors exercise their judgement in considering whether they consider the balances to be fully recoverable as at the balance sheet date, and base their judgement on historical experiences and other relevant factors.

PROJECT NEPTUNE MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

3 Employees

There were no employees other than the directors during the period.

4 Directors' remuneration

The directors did not receive any remuneration from the company. Details of the remuneration paid to the directors for their services to the wider group are disclosed in the consolidated financial statements of Project Neptune Topco Limited.

5 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest receivable from group companies	7,382,000	6,711,000

6 Interest payable and similar expenses

	2022 £	2021 £
Interest on loan notes	7,620,000	6,903,000
Interest payable to group undertakings	114,000	104,000
	<u>7,734,000</u>	<u>7,007,000</u>

7 Taxation

The total tax charge for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Loss before taxation	<u>(355,300)</u>	<u>(299,700)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(67,507)	(56,943)
Tax effect of expenses that are not deductible in determining taxable profit	787,603	713,494
Group relief	(1,380,293)	(1,254,627)
Deferred tax not recognised	<u>660,197</u>	<u>598,076</u>
Taxation charge for the year	<u>-</u>	<u>-</u>

8 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	9	<u>1</u>	<u>1</u>

PROJECT NEPTUNE MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

8 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 1 April 2021 & 31 March 2022	1
Carrying amount	
At 31 March 2022	1
At 31 March 2021	1

9 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Project Neptune Midco 2 Limited	1	Holding company	Ordinary	100	-
Project Neptune Bidco Limited	1	Holding company	Ordinary	-	100
Creative Car Park Holdings Limited	2	Holding company	Ordinary	-	100
Creative Car Park Limited	2	Car park management services	Ordinary	-	100
Creative (Contracts) Car Park Limited	2	Business support services	Ordinary	-	100
Civil Enforcement Limited	3	Business support services	Ordinary	-	100

1 - Molteno House, 302 Regents Park Road, London, N3 2JX

2 - Athene House Suite Q, 86 The Broadway, London, NW7 3TD

3 - Horton House, Exchange Flags, Liverpool, Merseyside, L2 3PF

10 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Amounts owed by group undertakings	81,203,000	73,821,000

Amounts owed by group undertakings are unsecured, repayable on demand and incur interest at 10% per annum.

PROJECT NEPTUNE MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

11 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	1,292,550	1,175,250

Amounts owed to group undertakings are unsecured, repayable on demand and incur interest at 10% per annum.

12 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Other borrowings	13	81,022,086	73,402,086

13 Borrowings

	2022 £	2021 £
Other loans	81,022,086	73,402,086
Payable after one year	81,022,086	73,402,086

During the period ended March 2020, the company issued £41,847,508 secured investor loan notes and £18,216,578 secured management loan notes. The loan notes are secured by a fixed and floating charge over all assets of the company. Interest is payable on the loan notes at a rate of 10% per annum. The loan notes are due for redemption in March 2027.

14 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary share of £1 each	1	1	1	1

The shares have attached to them full voting, dividend and capital distribution (including on wind up) rights; they do not confer any rights of redemption.

15 Reserves

Profit and loss reserves

The profit and loss reserve represents cumulative profit and loss net of distribution to owners.

PROJECT NEPTUNE MIDCO 1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

16 Financial commitments, guarantees and contingent liabilities

A cross guarantee dated 26 March 2019 exists between Project Neptune Topco Limited, Project Neptune Midco 1 Limited, Project Neptune Midco 2 Limited, Project Neptune Bidco Limited, Creative Car Park Holdings Ltd, Creative Car Park Ltd and Civil Enforcement Ltd in favour of Inflexion Private Equity Partners LLP.

Cross guarantees dated 26 March 2019 and 9 December 2021 containing fixed and floating charges and a negative pledge exist between Project Neptune Topco Limited, Project Neptune Midco 1 Limited, Project Neptune Midco 2 Limited, Project Neptune Bidco Limited, Creative Car Park Holdings Ltd, Creative Car Park Ltd and Civil Enforcement Ltd in favour of Wilmington Trust (London) Limited.

In accordance with Section 479C of the Companies Act 2006, Project Neptune Topco Limited, the company's ultimate holding company, has provided a guarantee over the liabilities of the company.

17 Events after the reporting date

The Project Neptune Topco Limited group have a bank loan of £50.97m at the year-end which is in the process of being refinanced. The term of this loan was due to expire on 31 December 2022, and on 22 December 2022 the term of the loan was extended to 31 July 2023. See going concern accounting policy on page 8 for further details.

18 Ultimate controlling party

The immediate parent company is Project Neptune Topco Limited, a company incorporated in England and Wales. Project Neptune Topco Limited is the parent of the smallest and largest group for which consolidated accounts are prepared. Its registered office address is Molteno House, 302 Regents Park Road, London, N3 2JX.

The ultimate parent entity is Inflexion Buyout V Investments LP, an LP incorporated in Guernsey.