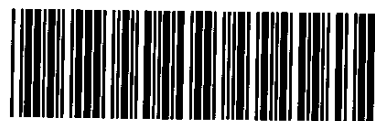


Supporting parent accounts to
05571660

Company Registration No. 11877692 (England and Wales)

PROJECT NEPTUNE TOPCO LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023

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PROJECT NEPTUNE TOPCO LIMITED

COMPANY INFORMATION

Directors	S Abraham M F Coffin D Rigby S J Cummings R P J Green S A McCloskey
Company number	11877692
Registered office	Molteno House 302 Regents Park Road London N3 2JX
Auditor	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom
Bankers	HSBC Bank plc 129 New Bond Street London W1A 2JA

PROJECT NEPTUNE TOPCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

The statement of comprehensive income on page 9 shows the group's turnover of £25.98m (2022: £20.20m) and a loss before taxation of £17.77m (2022: £18.23m), for the year ended 31 March 2023.

The material increases in revenue of £5.78m was due to the ongoing growth in sites under management.

The increase in EBITDA in the year to £8.73m (2022: £5.44m) noted below was as a result of the increase in revenue and strong cost management.

The statement of financial position on page 10 shows as of 31 March 2023, net liabilities of £74.01m (2022: £55.82m). The increase in net liabilities is a result of Goodwill Amortisation charged in the year of £9.89m (2022: £9.89m), an increase in other borrowings (2023: £89.43m, 2022: £81.02m) and an increase in bank loans to £52.28m (2022: 50.97m) due to the accumulation of interest.

The Group acquired Bemrose Mobile Limited, a related party, on 27 March 2023 giving rise to a negative goodwill balance of £124k (see note 14).

Principal risks and uncertainties

The principal risks considered by the directors are noted below:

Changes in legislation:

The group has built good relationships with regulatory bodies and ensures that high standards are maintained in its compliance requirements.

Competition:

Car park management services is a competitive market and the group ensures it maintains strong relationships with its customers and ensures there are resources to continue to grow.

Debt covenant:

The debt covenant reporting and operating requirements, are kept under continuous review by the directors.

Key performance indicators

In addition to the key performance indicators of revenues and profits and losses before taxation noted above, the directors also review EBITDA (earnings before interest, tax, depreciation and amortisation) which is as follows:

	2023	2022
	£'000	£'000
Operating loss	(2,874)	(5,887)
Amortisation and depreciation	11,603	11,335
EBITDA	8,729	5,448

PROJECT NEPTUNE TOPCO LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Future developments

The directors expect the business to continue to grow in the forthcoming year as a result of strong organic growth, principally driven by an increase in sites under management. It is expected that the government will introduce a revised Private Parking Code of Practice in 2024. The directors are confident that the business will continue to perform strongly following the introduction of this statutory Code of Practice, despite there being some uncertainty regarding the extent of the changes that will be included in the final version of the Code.

The group's bank loans were refinanced in September 2023, see note 28 for further details.

On behalf of the board

Sam McCloskey

.....
S A McCloskey

Director

Date: 17/11/23
.....

PROJECT NEPTUNE TOPCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company is 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 9.

No ordinary dividends were paid. The directors do not recommend payment of a further 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	
D Rigby	
A Wigglesworth	(Resigned 31 January 2023)
S J Cummings	
R P J Green	
S A McCloskey	(Appointed 22 August 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.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and a resolution proposing that they be reappointed as auditor of the group will be put at a General Meeting.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required to be contained in the directors' report, including financial risk management and future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

PROJECT NEPTUNE TOPCO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Going Concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

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.

Additionally, as part of a refinancing process, in September 2023 the business successfully obtained a new five-year bank loan of £47m.

On behalf of the board

Sam McCloskey

.....
S A McCloskey

Director

Date: 17/11/23
.....

PROJECT NEPTUNE TOPCO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROJECT NEPTUNE TOPCO LIMITED

Opinion

We have audited the financial statements of Project Neptune Topco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROJECT NEPTUNE TOPCO LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROJECT NEPTUNE TOPCO LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the British Parking Association Code of Practice, and DVLA regulations. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates applied in the calculation of accrued income and carrying value of goodwill.

We tested revenue on a sample basis, tracing penalty charge notices issued to evidence of infringement of parking rules and issuance of ticket, and reconciled cash receipts to revenue. We tested the inputs in to the accrued income calculation against supporting data and reviewed the reasonableness of judgments and estimates applied.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Tate

Christopher Tate (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom

.....
17/11/23

PROJECT NEPTUNE TOPCO LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	25,978,803	20,204,333
Cost of sales		(7,808,830)	(6,589,683)
Gross profit		18,169,973	13,614,650
Administrative expenses		(11,156,826)	(9,630,858)
Other operating income	3	-	16,411
Amortisation		(9,886,800)	(9,886,800)
Operating loss	6	(2,873,653)	(5,886,597)
Interest payable and similar expenses	8	(14,896,712)	(12,343,027)
Loss before taxation		(17,770,365)	(18,229,624)
Tax on loss	9	(411,770)	(364,308)
Loss for the financial year		(18,182,135)	(18,593,932)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

PROJECT NEPTUNE TOPCO LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2023**

	Notes	2023 £	£	2022 £	£
Fixed assets					
Goodwill	10	59,320,735		69,207,535	
Negative goodwill	10	(124,704)		-	
Net goodwill		59,196,031		69,207,535	
Other intangible assets	10	807,975		-	
Total intangible assets		60,004,006		69,207,535	
Tangible assets	11	4,186,295		4,036,188	
		64,190,301		73,243,723	
Current assets					
Debtors	15	3,346,339		2,531,070	
Cash at bank and in hand		4,596,917		3,035,751	
		7,943,256		5,566,821	
Creditors: amounts falling due within one year	16	(56,103,845)		(53,083,936)	
Net current liabilities		(48,160,589)		(47,517,115)	
Total assets less current liabilities		16,029,712		25,726,608	
Creditors: amounts falling due after more than one year	17	(89,432,086)		(81,022,086)	
Provisions for liabilities	20	(604,737)		(523,498)	
Net liabilities		(74,007,111)		(55,818,976)	
Capital and reserves					
Called up share capital	22	9,940		10,000	
Share premium account	23	1,001,625		1,001,625	
Capital redemption reserve	23	160		100	
Profit and loss reserves	23	(75,018,836)		(56,830,701)	
Total equity		(74,007,111)		(55,818,976)	

The financial statements were approved by the board of directors and authorised for issue on 17/11/23 and are signed on its behalf by:

Sam McCloskey

S A McCloskey
Director

PROJECT NEPTUNE TOPCO LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2023**

	Notes	2023 £	£	2022 £	£
Fixed assets					
Investments	12		1		1
Current assets					
Debtors	15	1,430,725		1,313,725	
Net current assets			1,430,725		1,313,725
Total assets less current liabilities			1,430,726		1,313,726
Capital and reserves					
Called up share capital	22		9,940		10,000
Share premium account	23		1,001,625		1,001,625
Capital redemption reserve	23		160		100
Profit and loss reserves	23		419,001		302,001
Total equity			1,430,726		1,313,726

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £123,000 (2022 - £114,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 17/11/23 and are signed on its behalf by:

Sam McCloskey

.....
S A McCloskey
Director

PROJECT NEPTUNE TOPCO LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2021		9,915	983,310	-	(38,225,769)	(37,232,544)
Year ended 31 March 2022:						
Loss and total comprehensive income for the year		-	-	-	(18,593,932)	(18,593,932)
Issue of share capital	22	185	18,315	-	-	18,500
Redemption of shares	22	(100)	-	100	(11,000)	(11,000)
Balance at 31 March 2022		10,000	1,001,625	100	(56,830,701)	(55,818,976)
Year ended 31 March 2023:						
Loss and total comprehensive income for the year		-	-	-	(18,182,135)	(18,182,135)
Redemption of shares	22	(60)	-	60	(6,000)	(6,000)
Balance at 31 March 2023		9,940	1,001,625	160	(75,018,836)	(74,007,111)

PROJECT NEPTUNE TOPCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2021		9,915	983,310	-	199,001	1,192,226
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	-	-	114,000	114,000
Issue of share capital	22	185	18,315	-	-	18,500
Redemption of shares	22	(100)	-	100	(11,000)	(11,000)
Balance at 31 March 2022		10,000	1,001,625	100	302,001	1,313,726
Year ended 31 March 2023:						
Profit and total comprehensive income for the year		-	-	-	123,000	123,000
Redemption of shares	22	(60)	-	60	(6,000)	(6,000)
Balance at 31 March 2023		9,940	1,001,625	160	419,001	1,430,726

PROJECT NEPTUNE TOPCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	24	8,784,683		5,627,947	
Interest paid		(5,173,712)		(3,574,027)	
Income taxes refunded/(paid)		493,519		(5,949)	
Net cash inflow from operating activities		<u>4,104,490</u>		<u>2,047,971</u>	
Investing activities					
Purchase of intangible assets		(845,156)		-	
Purchase of tangible fixed assets		(1,789,550)		(1,944,902)	
Purchase of subsidiaries		151,229		-	
Net cash used in investing activities		<u>(2,483,477)</u>		<u>(1,944,902)</u>	
Financing activities					
Proceeds from issue of shares		-		18,500	
Redemption of shares		(6,000)		(11,000)	
Payment of finance leases obligations		(53,847)		(148,720)	
Net cash used in financing activities		<u>(59,847)</u>		<u>(141,220)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>1,561,166</u>		<u>(38,151)</u>	
Cash and cash equivalents at beginning of year		3,035,751		3,073,902	
Cash and cash equivalents at end of year		<u><u>4,596,917</u></u>		<u><u>3,035,751</u></u>	

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Project Neptune Topco Limited ("the company") 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 group consists of Project Neptune Topco Limited and all of its subsidiaries.

The company's and the group'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 Groups (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.

The 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 for parent company information presented within the consolidated financial statements:

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

The financial statements of the company are included within these consolidated financial statements of Project Neptune Topco Limited.

Basis of consolidation

The consolidated financial statements incorporate those of Project Neptune Topco Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Going concern

The financial statements have been prepared on a going concern basis. In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

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.

Additionally, as part of a refinancing process, in September 2023 the business successfully obtained a new five-year bank loan of £47m.

Turnover

Turnover is recognised at the fair value of the estimated consideration receivable for parking notices issued and services rendered and is shown net of VAT.

Estimated consideration receivable represents the expected receipts after estimating early settlement discounts and uncollected notices. Expected receipts use historic collection rates to estimate cash inflows from the date the parking notice is issued. Accrued income is recorded in the financial statements for outstanding parking notices at the reporting date at the expected collection rate.

Income from managed sites is recognised on gross basis as the company acts in the role of principal, managing all aspects of income generation for these sites.

Amounts received from debt collectors are recognised net of debt collector fees.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

When the fair value of the consideration for an acquired undertaking is less than the fair value of the separable net assets, the difference is treated as negative goodwill which, up to the value of the non-monetary assets acquired, is recognised in the profit and loss account in the period in which those non-monetary assets are realised.

Any negative goodwill in excess of the fair value of the non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefited.

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	5 years straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	5 years straight line
Fixtures and fittings	5 years straight line
Computers	5 years straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, 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 group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The group 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 group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 trade and other debtors and 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.

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 group 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.

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade creditors, accruals, other creditors, bank loans, loan notes and accrued interest 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.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the group 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 group.

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.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss 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.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government grants

Government grants have been recognised in Other operating income and relate to income received under the Coronavirus Job Retention Scheme.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Accrued income on Parking Charge Notices

Accrued income is calculated by estimating future inflows on parking notices issued with reference to historic collection rates on previously issued notices.

Management have applied the following judgements when calculating the accrued income balance:

- PCN look back period: Management have assumed that there will be collections on PCNs up to 20 months old.
- PCN average collection per PCN: Management have applied the average level of collections observed on PCNs 1 – 2 years old.

Impairment of goodwill

The group establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the good will is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

3 Turnover and other revenue

All turnover is attributable to the principal activity of the group and arises solely in the UK.

	2023 £	2022 £
Turnover analysed by class of business		
Rendering of services	25,978,803	20,204,333
	<u> </u>	<u> </u>
	2023 £	2022 £
Other revenue		
Grants received	-	16,411
	<u> </u>	<u> </u>

Grants received includes income in respect of the government Coronavirus Job Retention Scheme.

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Management	6	6	6	6
Administration	119	111	-	-
Total	125	117	6	6

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	5,098,816	4,661,059	-	-
Social security costs	634,648	488,164	-	-
Pension costs	80,682	69,533	-	-
	5,814,146	5,218,756	-	-

5 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	504,461	404,776
Company pension contributions to defined contribution schemes	3,852	3,963
	508,313	408,739

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022: 3).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2023 £	2022 £
Remuneration for qualifying services	205,000	164,631
Company pension contributions to defined contribution schemes	-	1,321

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

6 Operating loss

	2023 £	2022 £
Operating loss for the year is stated after charging/(crediting):		
Government grants	-	(16,411)
Depreciation of owned tangible fixed assets	1,627,074	1,293,650
Depreciation of tangible fixed assets held under finance leases	51,835	154,613
Amortisation of intangible assets	9,923,981	9,886,800
Operating lease charges	369,397	377,632

Government grants includes income in respect of the government Coronavirus Job Retention Scheme.

7 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	51,850	43,500
For other services		
Taxation compliance services	20,750	19,800
Other taxation services	5,700	5,200
All other non-audit services	26,100	23,200
	52,550	48,200

8 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank loans	6,484,145	4,706,351
Interest on convertible loan notes	8,410,000	7,620,000
Interest on finance leases and hire purchase contracts	2,567	16,676
Total finance costs	14,896,712	12,343,027

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

9 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	332,529	4,957
Adjustments in respect of prior periods	-	(146,370)
Total current tax	<u>332,529</u>	<u>(141,413)</u>
Deferred tax		
Origination and reversal of timing differences	79,241	266,990
Changes in tax rates	-	61,562
Adjustment in respect of prior periods	-	177,169
Total deferred tax	<u>79,241</u>	<u>505,721</u>
Total tax charge	<u>411,770</u>	<u>364,308</u>

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:

	2023 £	2022 £
Loss before taxation	<u>(17,770,365)</u>	<u>(18,229,624)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(3,376,369)	(3,463,629)
Tax effect of expenses that are not deductible in determining taxable profit	3,490,311	2,700,564
Adjustments in respect of prior years	-	(146,370)
Deferred tax adjustments in respect of prior years	-	177,169
Deferred tax not recognised	324,815	1,002,033
Fixed asset differences	(121,487)	(126,394)
Deferred tax change in tax rate	94,500	125,640
Short term timing difference	-	95,295
Taxation charge	<u>411,770</u>	<u>364,308</u>

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

10 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Total
	£	£	£	£
Cost				
At 1 April 2022	98,867,935	-	-	98,867,935
Additions - separately acquired	-	-	845,156	845,156
Additions - business combinations (note 14)	-	(124,704)	-	(124,704)
At 31 March 2023	98,867,935	(124,704)	845,156	99,588,387
Amortisation and impairment				
At 1 April 2022	29,660,400	-	-	29,660,400
Amortisation charged for the year	9,886,800	-	37,181	9,923,981
At 31 March 2023	39,547,200	-	37,181	39,584,381
Carrying amount				
At 31 March 2023	59,320,735	(124,704)	807,975	60,004,006
At 31 March 2022	69,207,535	-	-	69,207,535

The company had no intangible fixed assets at 31 March 2023 or 31 March 2022.

The amortisation charge for the period is shown as a separate line in the consolidated statement of comprehensive income.

11 Tangible fixed assets

Group	Leasehold improvements	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 1 April 2022	268,981	8,074,917	337,595	8,681,493
Additions	3,859	1,574,111	211,580	1,789,550
Business combinations	-	39,466	-	39,466
At 31 March 2023	272,840	9,688,494	549,175	10,510,509
Depreciation and impairment				
At 1 April 2022	110,958	4,454,623	79,724	4,645,305
Depreciation charged in the year	61,096	1,525,675	92,138	1,678,909
At 31 March 2023	172,054	5,980,298	171,862	6,324,214
Carrying amount				
At 31 March 2023	100,786	3,708,196	377,313	4,186,295
At 31 March 2022	158,023	3,620,294	257,871	4,036,188

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Tangible fixed assets (Continued)

The company had no tangible fixed assets at 31 March 2023 or 31 March 2022.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Fixtures and fittings	-	51,835	-	-

12 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	13	-	-	1	1

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost	
At 1 April 2022 and 31 March 2023	1
Carrying amount	
At 31 March 2023	1
At 31 March 2022	1

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct Indirect	
Project Neptune Midco 1 Limited	2	Holding company	Ordinary	100.00	-
Project Neptune Midco 2 Limited	2	Holding company	Ordinary	-	100.00
Project Neptune Bidco Limited	2	Holding company	Ordinary	-	100.00
Creative Car Park Holdings Limited	3	Holding company	Ordinary	-	100.00
Creative Car Park Limited	3	Car park management services	Ordinary	-	100.00
Creative (Contracts) Car Park Limited	3	Dormant	Ordinary	-	100.00
Civil Enforcement Limited	1	Service provider for issuing PCNs	Ordinary	-	100.00
Bemrose Mobile Limited	2	Car park management services	Ordinary	-	100.00

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

13 Subsidiaries (Continued)

Registered office addresses (all UK unless otherwise indicated):

- 1 Horton House, Exchange Flags, Liverpool, Merseyside, L2 3PF
- 2 Molteno House, 302 Regents Park Road, London, N3 2JX
- 3 Athene House, Suite Q, 86 The Broadway, London, NW7 3TD

All subsidiaries are included in this consolidation.

The following subsidiaries are exempt from audit by virtue of section 479A of the Companies Act 2006:

- Creative Car Park Limited
- Creative Car Park Holdings Limited
- Project Neptune Midco 1 Limited
- Project Neptune Midco 2 Limited
- Project Neptune Bidco Limited
- Civil Enforcement Limited
- Creative (Contracts) Car Park Limited
- Bemrose Mobile Limited

14 Acquisition

On 27 March 2023 the group acquired 100 percent of the issued capital of Bemrose Mobile Limited, a related party, for consideration of £1,426,629.

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Property, plant and equipment	39,466	-	39,466
Trade and other receivables	455,062	-	455,062
Cash and cash equivalents	1,377,859	-	1,377,859
Trade and other payables	(321,054)	-	(321,054)
	<u>1,551,333</u>	<u>-</u>	<u>1,551,333</u>
Total identifiable net assets	1,551,333	-	1,551,333
Goodwill			(124,704)
Total consideration			<u>1,426,629</u>
The consideration was satisfied by:			£
Cash			1,226,629
Deferred consideration			200,000
			<u>1,426,629</u>

No contributions by the acquired business have been included for the reporting period in the group statement of comprehensive income since acquisition.

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15 Debtors

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	381,434	24,993	-	-
Corporation tax recoverable	-	487,538	-	-
Amounts owed by group undertakings	-	-	1,430,725	1,313,725
Other debtors	90,629	132,014	-	-
Prepayments and accrued income	2,874,276	1,886,525	-	-
	<u>3,346,339</u>	<u>2,531,070</u>	<u>1,430,725</u>	<u>1,313,725</u>

16 Creditors: amounts falling due within one year

	Notes	Group 2023	2022	Company 2023	2022
		£	£	£	£
Bank loans	18	52,282,000	50,969,000	-	-
Obligations under finance leases	19	-	53,847	-	-
Trade creditors		982,119	953,289	-	-
Corporation tax payable		381,512	-	-	-
Other taxation and social security		44,256	-	-	-
Deferred consideration		200,000	-	-	-
Accruals and deferred income		2,213,958	1,107,800	-	-
		<u>56,103,845</u>	<u>53,083,936</u>	<u>-</u>	<u>-</u>

17 Creditors: amounts falling due after more than one year

	Notes	Group 2023	2022	Company 2023	2022
		£	£	£	£
Other borrowings	18	89,432,086	81,022,086	-	-

18 Borrowings

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Bank loans	52,282,000	50,969,000	-	-
Other loans	89,432,086	81,022,086	-	-
	<u>141,714,086</u>	<u>131,991,086</u>	<u>-</u>	<u>-</u>
Payable within one year	52,282,000	50,969,000	-	-
Payable after one year	89,432,086	81,022,086	-	-

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

18 Borrowings (Continued)

During 2020, a subsidiary of the group 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 subsidiary. Interest is payable on the loan notes at a rate of 10% per annum. The loan notes are due for redemption in March 2027.

The remaining borrowings relate to another subsidiary of the group. The facility has an effective rate of interest at 6% plus LIBOR plus a PIK Margin of 1.5%. The official term of the facility was 7 years from 22 March 2019. During the prior year, the banking covenants were renegotiated and reset, with the term of the loan reduced from March 2026 to December 2022. In December 2022, the term of the loan was extended to 31 July 2023, and the refinancing process initiated. The loan term continued to be extended on a rolling basis until refinancing was completed on 23 September 2023. See note 28 for further details.

19 Finance lease obligations

	Group 2023 £	2022 £	Company 2023 £	2022 £
Future minimum lease payments due under finance leases:				
Less than one year	-	55,984	-	-
Less: future finance charges	-	(2,137)	-	-
	<u>-</u>	<u>53,847</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations under finance leases are secured against assets to which the leases relate.

20 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2023 £	Liabilities 2022 £
Group		
Accelerated capital allowances	650,219	525,096
Short term timing differences	(45,482)	(1,598)
	<u>604,737</u>	<u>523,498</u>

The company has no deferred tax assets or liabilities.

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

20 Deferred taxation (Continued)

	Group 2023 £	Company 2023 £
Movements in the year:		
Liability at 1 April 2022	523,498	-
Charge to profit or loss	81,239	-
Liability at 31 March 2023	<u>604,737</u>	<u>-</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

21 Retirement benefit schemes

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions totalling £16,000 (2022: £16,000) were payable to the fund at the year end and are included in other creditors.

22 Share capital

	2023 Number	Group and Company 2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
A Ordinary shares of 1p each	591,272	591,272	5,913	5,913
B Ordinary shares of 1p each	258,728	258,728	2,587	2,587
C Ordinary shares of 1p each	144,000	150,000	1,440	1,500
	<u>994,000</u>	<u>1,000,000</u>	<u>9,940</u>	<u>10,000</u>

A, B and C Ordinary shareholders have one vote per share and dividends are distributed amongst the holders in proportion to the number of shares held by them. Shares rank equally as regards to capital and have no preferential right to participate in a distribution. The shares do not confer a right of redemption.

On 1 December 2021, the company issued 18,500 Ordinary C shares with a nominal value of £0.01 for £1 each.

On 1 December 2021 the company purchased 10,000 of its own Ordinary C shares for total proceeds of £11,000.

On 1 December 2022 the company purchased 6,000 of its own Ordinary C shares for total proceeds of £6,000.

23 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

23 Reserves (Continued)

Profit and loss reserves

Cumulative profit or loss net of distributions to owners.

24 Cash generated from group operations

	2023 £	2022 £
Loss for the year after tax	(18,182,135)	(18,593,932)
Adjustments for:		
Taxation charged	411,770	364,308
Finance costs	14,896,712	12,343,027
Amortisation and impairment of intangible assets	9,923,981	9,886,800
Depreciation and impairment of tangible fixed assets	1,678,909	1,448,263
Movements in working capital:		
Increase in debtors	(950,958)	(381,087)
Increase in creditors	1,006,404	560,568
Cash generated from operations	8,784,683	5,627,947

25 Analysis of changes in net debt - group

	1 April 2022 £	Cash flows £	Other non-31 March 2023 cash changes £	March 2023 £
Cash at bank and in hand	3,035,751	1,561,166	-	4,596,917
Borrowings excluding overdrafts	(131,991,086)	-	(9,723,000)	(141,714,086)
Obligations under finance leases	(53,847)	53,847	-	-
	<u>(129,009,182)</u>	<u>1,615,013</u>	<u>(9,723,000)</u>	<u>(137,117,169)</u>

26 Financial commitments, guarantees and contingent liabilities

In accordance with Section 479C of the Companies Act 2006, Project Neptune Topco Limited has provided a guarantee over the liabilities of Project Neptune Midco 1 Limited, Project Neptune Midco 2 Limited, Project Neptune Bidco Limited, Creative Car Park Holdings Limited and Creative Car Park Limited.

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

A cross guarantee dated 26 March 2019 exists between Project Neptune Midco 2 Limited, Creative Car Park Holdings Ltd, Creative Car Park Bidco Ltd, Creative Car Park Ltd and Civil Enforcement Ltd in favour of Wilmington Trust (London) Limited.

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	215,088	270,804	-	-
Between one and five years	1,073,088	1,374,708	-	-
In over five years	164,548	486,342	-	-
	<u>1,452,724</u>	<u>2,131,854</u>	<u>-</u>	<u>-</u>

28 Events after the reporting date

Share Transactions:

On the 25th April 2023, 5,000 C Ordinary shares with a nominal value of £50 were allotted for £5,000. And on the same day, 22,500 C Ordinary shares with a nominal value of £225 were cancelled.

Bank Loan:

The group's bank loans of £52.3m at the year-end were refinanced in September 2023. The group has obtained a new five-year loan of £47m.

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the group, who are also directors, is as follows.

	2023 £	2022 £
Aggregate compensation	<u>906,880</u>	<u>987,146</u>

PROJECT NEPTUNE TOPCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

29 Related party transactions (Continued)

Other information

Bemrose recharged £100,000 (2022: £100,000) during the year for staffing costs to a company under common ownership. This company was then acquired by Creative Car Park Holdings Limited on 27 March 2023.

£229,999 (2022: £207,996) of directors' fees and travel expenses due to the ultimate parent company were incurred in the year. The amount owed to the company at the year end was £Nil (2022: £Nil).

Included in other creditors is £200,000 (2022: Nil) deferred consideration owed to the director of Bemrose Mobile Limited in relation to the acquisition on 27 March 2023.

30 Controlling party

The ultimate parent company and controlling party is Inflexion Buyout V Investments LP, an LP incorporated in Guernsey, by virtue of their shareholding.

The group headed by Project Neptune Topco Limited is the largest and smallest group in which the results of the company are consolidated.