3C Transac Limited

Annual report

for the year ended 31 December 1998

Registered number: 3257901

3C Transac Limited

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Contents **Pages**

Directors

M. Mandersson (Sweden)
U. Svensson (Sweden)
J. Ruckert (Luxembourg)
M. Kinnersley

Secretary

C Chapman

Auditors

PricewaterhouseCoopers
1 Embankment Place
London WC2N 6NN

Bankers

Lloyds Bank plc
Butler Place
Caxton Street
London SW1H 0PR

Solicitors

Eversheds
Senator House
85 Queen Victoria Street
London EC4V 4JL

Registered Office

Kingstons House
15 Coombe Road
Kingston upon Thames
Surrey KT2 7AD

Directors' report for the year ended 31 December 1998

The directors present their report and the audited financial statements of the company for the year ended 31 December 1998.

Principal activities

The principal activities of the company continue to be credit card/charge card car parking services and the integrated Transac credit card/charge card handling business.

Review of business and principal activities

The directors are satisfied with the progress of the business and hope to see an improvement in trading next year.

Results and dividend

The profit and loss account for the year is set out on page 6. The directors do not recommend the payment of a dividend.

Directors and their interests

The directors who served during the year ended 31 December 1998 were as follows:

P. Scheppers	(Belgium)	(resigned 10 March 1998)
M. Van Moer	(Belgium)	(resigned 12 January 1998)
D. Woitrin	(Belgium)	(resigned 10 March 1998)
A. Peigneux	(Luxembourg)	(appointed 13 January 1998 – resigned 10 March 1998)
P. Carras	(French)	(appointed 13 January 1998 – resigned 10 March 1998)
J. Mondloch	(Luxembourg)	(appointed 10 March 1998 – resigned 1 July 1998)
M. Kinnersly		(appointed 10 March 1998)
J.Ruckert	(Luxembourg)	(appointed 10 March 1998)
U.Svensson	(Sweden)	(appointed 1 July 1998)
M.Mandersson	(Sweden)	(appointed 1 July 1998)

No director had a beneficial interest in the share capital of the company during the year ended 31 December 1998.

Fixed assets

The movements in fixed assets during the year are set out in notes 9 and 10 to the financial statements.

Year 2000

Many computer systems express dates using only the last two digits of the year. These systems require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions resulting in a widespread commercial disruption. The operation of our business depends not only on our computer systems, but also to some degree on those of our suppliers and customers. There is, therefore, an exposure to further risk in the event that there is a failure by other parties to remedy their own year 2000 issues.

The company is participating in the Societe Europeenne de Communication S.A. group programme designed to address the impact of the year 2000 on all the group's businesses.

As part of the group exercise, a comprehensive review of the group's own computer systems has been performed to identify the areas that require year 2000 compliance. The group is currently developing implementation plans to accomplish these objectives.

The group has recently begun, but has not yet completed, the review of the year 2000 compliance and third parties on whose services the group may rely. The cost relating to the company of the group programme are not expected to be material.

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Ernst and Young resigned as auditors during the year. The directors appointed PricewaterhouseCoopers as auditors and a resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the Annual General Meeting.

By order of the Board

C Chapman
Secretary

31 July 1999

Report of the auditors to the members of 3C Transac Limited

We have audited the financial statements on pages 6 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 4 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
13 August 1999

Profit and loss account for the year ended 31 December 1998

	Notes	1998 £	1997 £
TURNOVER	3	**759,522**	355,784
Cost of sales		**(318,430)**	(114,511)
Gross profit		**441,092**	241,273
Administrative expenses		**(456,882)**	(325,592)
Other operating income		**3,300**	-
		(453,582)	(325,592)
OPERATING LOSS	4	**(12,490)**	(84,319)
Interest receivable and similar income	7	**66,802**	38,939
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**54,312**	(45,380)
Tax on profit on ordinary activities	8	**-**	-
RETAINED PROFIT/LOSS FOR THE YEAR		**54,312**	(45,380)
Accumulated loss at 1 January 1998		**(45,380)**	-
ACCUMULATED PROFIT AT 31 DECEMBER 1998		**8,932**	(45,380)

The results for the year were generated from continuing operations.

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Balance sheet as at 31 December 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Intangible assets	9	**6,780**	3,648
Tangible assets	10	**6,290**	9,654
		13,070	13,302
CURRENT ASSETS			
Debtors due within one year	11	**502,094**	697,722
Cash at bank and in hand		**658,624**	863,382
		1,160,718	1,561,104
CREDITORS: amounts falling due within one year	12	**(1,164,854)**	(1,619,784)
NET CURRENT LIABILITIES		**(4,136)**	(58,680)
NET LIABILITIES		**8,934**	(45,378)
CAPITAL AND RESERVES			
Called up share capital	13	**2**	2
Profit and loss account		**8,932**	(45,380)
EQUITY SHAREHOLDERS' FUNDS	14	**8,934**	(45,378)

The financial statements on pages 6 to 13 were approved by the board of directors on 31 July 1999 and were signed on its behalf by

Director

Notes to the financial statements for the year ended 31 December 1998

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation and going concern

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. A going concern basis has been used, notwithstanding the deficiency of net assets, on the basis that Societe Europeenne de Communication S.A., an intermediate holding company has undertaken to provide such financial support as may be required for the continuation of the company's business. The directors have considered the financial position of the company and have, on the basis of this undertaking, concluded that the company is able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements and that it is appropriate to prepare these financial statements on a going concern basis.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer hardware and software	–	25% per annum
Set up costs	–	20% per annum

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised only to the extent that it is probable that an actual liability or asset will crystallise.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2 Cash flow statement and related party disclosure

The company is a wholly-owned subsidiary of 3C Communication Limited and its financial performance is included in the consolidated financial statements of Societe Europeenne de Communication S.A., which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities which are part of the group. (see note 17).

3 Turnover

Turnover, which excludes valued added tax and trade discounts, represents the value of Transac and car parking commission, all of which are earned through charge and credit cards. Turnover was derived from the principal activities of the company and arose solely in the United Kingdom.

4 Operating loss

This is stated after charging	**1998** **£**	1997 £
Foreign exchange loss on operating activities denominated in foreign currencies	**17,839**	-
Auditors' remuneration – audit fee	**9,000**	9,000
Amortisation of intangible fixed assets	**1,618**	192
Depreciation	**3,364**	1,501
Operating lease rentals – plant and machinery	**65,809**	26,577
– other	**10,746**	6,394
Staff costs (note 6)	**93,190**	50,071

5 Directors' emoluments

No emoluments were paid to the directors for their services to the company in either 1998 or 1997.

6 Staff costs

	1998 **£**	*1997* £
Wages and salaries	**82,127**	43,542
Social security costs	**8,063**	4,354
Other pension costs	**3,000**	2,175
	93,190	50,071

The average number of persons employed by the company during the year was as follows:

	1998 *No.*	*1997* *No.*
Sales	**2**	2
Administration	**2**	2
	4	4

7 Interest receivable and similar income

	1998 *£*	*1997* *£*
Bank interest	**66,802**	38,939

8 Tax on profit on ordinary activities

There was no corporation tax liability on the trading profit for the year (1997: nil). Operating losses of £156,952 (1997: £156,952) are available to be offset against future operating profits.

9 Intangible fixed assets

	Set up costs *£*
Cost:	
At 31 December 1997	3,840
Additions	4,750
At 31 December 1998	**8,590**
Amortisation:	
At 31 December 1997	192
Charge for the year	1,618
At 31 December 1998	**1.810**
Net book value:	
At 31 December 1998	**6,780**
At 31 December 1997	3,648

10 Tangible fixed assets

	Plant and machinery £
Cost:	
At 31 December 1997 and 31 December 1998	**11,155**
Depreciation:	
At 31 December 1997	1,501
Charge for the year	3,364
At 31 December 1998	**4,865**
Net book value:	
At 31 December *1998*	**6,290**
At 31 December 1997	9,654

11 Debtors

	1998 £	*1997 £*
Amounts falling due within one year:		
Trade debtors	**341,484**	400,595
Amounts owed by group undertakings	**160,610**	215,572
Other debtors	**-**	81,555
	502,094	697,722

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

12 Creditors: amounts falling due within one year

	1998 £	*1997 £*
Trade creditors	**827,641**	1,473,825
Amounts due to group undertakings	**143,529**	-
Other taxes and social security	**97,652**	77,762
Accruals and deferred income	**96,032**	68,197
	1,164,854	1,619,784

Amounts due to group undertakings are unsecured, interest free and repayable on demand. However, as explained in Note 1, Societe Europeenne de Communication S.A., the company's intermediate holding company, has agreed to provide support to the company.

13 Share capital

	1998 £	*1997* £
Authorised		
100 Ordinary shares of £1 each	**100**	100
Allotted and fully paid		
2 Ordinary shares of £1 each	**2**	2

14 Reconciliation of movements in shareholders' funds

	1998 £	*1997* £
Shareholders' funds at 1 January	**(45,378)**	-
Profit/(loss) for financial year	**54,312**	(45,378)
Shareholders' funds at 31 December	**8,934**	(45,378)

15 Pension commitments

Relevant employees of the company are members of a defined contribution scheme. The total net pension cost of the company's scheme was £3,000 (1997: £2,175).

16 Other commitments

There were no capital commitments at the end of the financial year (1997: £nil).

Annual commitments under non-cancellable operating leases are as follows:

	1998 Land and buildings £	***1998*** Other £	*1997* Land and buildings £	*1997* Other £
Operating leases which expire:				
Within one year	**-**	**73,323**	-	63,784
In the second to fifth years inclusive	**-**	**-**	-	9,977
Over five years	**-**	**-**	-	-
	-	**73,323**	-	73,761

17 Other related party transactions

The company was charged £38,470 (1997: £17,421) by Comvik Holding, a related company, for the use of the 3C logo and brand name. An amount of £18,030 (1997: nil) payable to Comvik Holding was outstanding at year end in respect of those fees.

18 Ultimate parent undertaking

The company's immediate parent company is 3C Communication Limited. The smallest company into which the results of 3C Transac Limited are consolidated is 3C Communication International S.A. The largest group into which the results of the company are consolidated is Societe Europeenne de Communication S.A. Copies of the financial statements are available from its registered office: 75 Route de Longwy, L8080 Bertrange, Luxembourg.

Societe Europeenne de Communication S.A. is a jointly controlled enterprise between Industrforvaltnings AB Kinnevik and Millicom International Cellular S.A.