

# **Traffic Information Services (TIS) Limited**

**Directors' Report and Financial  
Statements**

**For the Year Ended 31 December 2008**

**Registered Number 4017551**

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# **Traffic Information Services (TIS) Limited**

## **Financial Statements**

**For the Year ended 31 December 2008**

<b>Contents</b>	<b>Pages</b>
Company information	1
Directors' report	2 to 3
Statement of directors' responsibilities	4
Independent auditors' report to the members	5 to 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 to 17

# **Traffic Information Services (TIS) Limited**

## **Company Information**

### **Directors**

John McDonagh (Resigned 19 March 2009)  
Michael Joseph Ryan (Resigned 19 March 2009)  
W McNaught (Resigned 19 March 2008)  
Andrew Crawshaw (Appointed 19 March 2008)  
Nigel Middleton (Appointed 19 March 2009)  
Matthias Reicherter (Appointed 19 March 2009)

### **Company secretary**

Infrastructure Managers Limited

### **Registered office**

Fifth Floor  
100 Wood Street  
London  
EC2V 7EX

### **Auditor**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
PO Box 90  
Erskine House  
68-73 Queen Street  
Edinburgh  
EH2 4NH

### **Bankers**

National Westminster Bank Plc  
Staines  
Middlesex  
TW18 4PU

# **Traffic Information Services (TIS) Limited**

## **The Directors' Report**

### **For the Year ended 31 December 2008**

The Directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2008.

#### **Principal Activities and Business Review**

The Company's principal activity during the year was to develop, finance and operate a strategic traffic management system and Traffic Control Centre.

#### **Results and Dividends**

The profit for the year, after taxation, amounted to £1,025,000 (2007: profit £1,464,000).

Particulars of dividends paid are detailed in note 8 to the financial statements.

The profit for the year will be transferred to reserves.

The Directors consider the results for the year to be satisfactory.

#### **Key performance indicators**

The performance of the Company from a cash perspective is assessed on a six monthly basis by the testing of the covenants of the senior debt provider. The key indicator being the debt service cover ratio. The Company has been performing well and has been compliant with the covenants laid out in the loan agreement.

#### **Financial Instruments**

Details of the Company's financial risk management objectives and policies are included in note 1 to the accounts. The fair values of the financial instruments are included in note 15 to the accounts.

#### **Directors**

The Directors who served the Company during the year and up to the date of this report are listed on page 1.

# **Traffic Information Services (TIS) Limited**

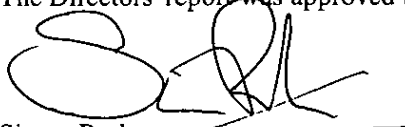
## **The Directors' Report** *(continued)*

**For the Year ended 31 December 2008**

### **Auditor**

A resolution to re-appoint PricewaterhouseCoopers LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

The Directors' report was approved by the board on 5<sup>th</sup> August 2009 and signed on its behalf by:



Simon Peck  
For and on behalf of  
Infrastructure Managers Limited  
Company Secretary  
Edinburgh

# Traffic Information Services (TIS) Limited

## Statement of Directors' Responsibilities

### For the Year ended 31 December 2008

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year ended 31 December 2008. In preparing these financial statements, the Directors are required to:

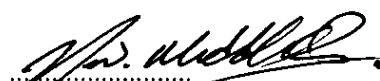
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors' responsibilities were approved by the board on 5<sup>th</sup> August 2009 and signed on its behalf by:

  
Nigel Middleton  
Director

# **Traffic Information Services (TIS) Limited**

## **Independent auditor's report to the members of Traffic Information Services (TIS) Limited**

We have audited the financial statements of Traffic Information Services (TIS) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective Responsibilities of Directors and Auditor**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's Members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of Audit Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

# **Traffic Information Services (TIS) Limited**

## **Independent auditor's report to the members of Traffic Information Services (TIS) Limited** *(continued)*

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Edinburgh

*5 Aug 2009*



# Traffic Information Services (TIS) Limited

## Profit and Loss Account

For the Year ended 31 December 2008

	Note	2008 £000	2007 £000
Turnover	2	13,466	9,403
Cost of sales		(12,223)	(7,862)
Gross Profit		1,243	1,541
Administrative expenses		(397)	(496)
Operating Profit	3	846	1,045
Interest receivable	5	3,119	3,801
Interest payable and similar charges	6	(2,533)	(3,116)
Profit on Ordinary Activities Before Taxation		1,432	1,730
Tax on profit on ordinary activities	7	(407)	(266)
Profit for the Financial Year	17	1,025	1,464

The Company has no recognised gains and losses other than those included in the profit above, which all relate to continuing activities, 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 profit for the year stated above and their historical cost equivalents.

The notes on pages 9 to 17 form part of these financial statements.

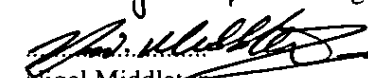
# Traffic Information Services (TIS) Limited

## Balance Sheet

as at 31 December 2008

	Note	2008 £000	2007 £000
<b>Fixed Assets</b>			
Tangible assets	9	<u>1</u>	<u>2</u>
<b>Current Assets</b>			
Debtors due within one year	10	13,330	14,077
Debtors due after one year	10	23,458	35,567
Cash at bank		10,060	8,626
		<u>46,848</u>	<u>58,270</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(11,986)</u>	<u>(11,922)</u>
<b>Net Current Assets</b>		<u>34,862</u>	<u>46,348</u>
<b>Total Assets Less Current Liabilities</b>		<u>34,863</u>	<u>46,350</u>
<b>Creditors: Amounts falling due after more than one year</b>	12	<u>(18,554)</u>	<u>(28,967)</u>
		<u>16,309</u>	<u>17,384</u>
<b>Provisions for Liabilities</b>			
Deferred taxation	14	(2,879)	(3,705)
<b>Net assets</b>		<u>13,430</u>	<u>13,678</u>
<b>Capital and Reserves</b>			
Share capital	16	12,824	12,824
Profit and loss account	17	606	854
<b>Equity Shareholder's Funds</b>	18	<u>13,430</u>	<u>13,678</u>

These financial statements on pages 7 to 17 were approved by the Directors and authorised for issue on 5<sup>th</sup> August 2009 and are signed on their behalf by:

  
Nigel Middleton  
Director

The notes on pages 9 to 17 form part of these financial statements.

# **Traffic Information Services (TIS) Limited**

## **Notes to the Financial Statements**

### **For the Year ended 31 December 2008**

#### **1. Accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the Company's financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due.

##### **Cash flow statement**

The company is a subsidiary of I2 Holdco 2 Ltd and is included in the consolidated financial statements of I2 Holdco 2 Ltd, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

##### **Turnover**

Turnover, which is stated net of Value Added Tax represents fees related to the provision of driver information services, all within the United Kingdom.

##### **Depreciation**

Depreciation is charged on Land and Buildings on a straight line basis to the profit and loss account over the useful economic life of each asset. The annual rates applied to each class of asset are:

Motor Vehicles & Equipment - 33.33%

##### **Deferred taxation**

Deferred tax is provided, using the incremental liability method, on timing differences that have originated but not reversed at the balance sheet date where the transactions or events that give rise to an obligation to pay more or less tax in the future have occurred by the balance sheet date. A deferred tax asset is recognised only when it is considered more likely than not that it will be recovered. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws in force at the balance sheet date. Deferred tax is measured on a non-discounted basis.

##### **Financial Instruments**

The Company uses derivative financial instruments to manage exposures to fluctuations in interest rates. Amounts payable and receivable in respect of these derivatives are recognised as adjustments to interest expense over the term of the contracts.

# Traffic Information Services (TIS) Limited

## Notes to the Financial Statements

### For the Year ended 31 December 2008

#### 1. Accounting policies (*continued*)

##### Accounting for PFI contracts

Within Public Private Partnership ("PPP") projects (including Private Finance Initiative ("PFI") projects), where the concession agreement transfers limited risk and rewards associated with ownership to the contractor, the costs incurred during the period of initial asset construction, as a direct consequence of financing, designing and constructing the asset, are shown as 'assets in the course of construction' within current assets. On completion of the asset construction phase the asset is transferred to debtors as 'amounts receivable under PFI contracts'.

Revenues received from the customer, following completion of the asset construction phase, are apportioned between capital repayments and operating revenue based on an implicit rate over the contract life. The 'finance income' element of the capital repayments will be shown within interest receivable.

##### Taxation

The tax expense represents the sum of current tax expense and deferred tax expense.

Current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company. An analysis of turnover is given below:

	2008 £000	2007 £000
United Kingdom	<u>13,466</u>	<u>9,403</u>

Turnover, which is stated net of Value Added Tax, represents fees related to the provision of driver information services, all within the United Kingdom.

#### 3. Operating profit

Operating profit is stated after charging:

	2008 £000	2007 £000
Depreciation of owned fixed assets	1	1
Auditor's remuneration		
- as auditor	<u>10</u>	<u>9</u>

# Traffic Information Services (TIS) Limited

## Notes to the Financial Statements

### For the Year ended 31 December 2008

#### 4. Particulars of employees and directors

The Directors did not receive any remuneration from the Company during the year (2007: £nil). There were no employees in the financial year other than the directors (2007: nil).

#### 5. Interest receivable

	2008 £000	2007 £000
Bank interest receivable	414	430
Finance income receivable under PFI contracts	2,705	3,371
	<u>3,119</u>	<u>3,801</u>

#### 6. Interest payable and similar charges

	2008 £000	2007 £000
Interest payable on bank borrowing	1,715	2,191
Intercompany loans	776	925
Other interest payable	42	–
	<u>2,533</u>	<u>3,116</u>

#### 7. Taxation on ordinary activities

##### (a) Analysis of charge in the year

	2008 £000	2007 £000
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 28.50% (2007 - 30%)	1,326	1,363
Over/under provision in prior year	(93)	36
Total current tax	<u>1,233</u>	<u>1,399</u>
Deferred tax:		
Origination and reversal of timing differences	(826)	(1,133)
Tax on profit on ordinary activities	<u>407</u>	<u>266</u>

# Traffic Information Services (TIS) Limited

## Notes to the Financial Statements

### For the Year ended 31 December 2008

#### 7. Taxation on ordinary activities (*continued*)

##### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28.50% (2007 - 30%).

	2008 £000	2007 £000
Profit on ordinary activities before taxation	<u>1,432</u>	<u>1,730</u>
Profit on ordinary activities by rate of tax	408	519
Expenses not deductible for tax purposes	(2)	(24)
Capital allowances for period in excess of depreciation	920	868
Adjustments to tax charge in respect of previous periods	<u>(93)</u>	<u>36</u>
Total current tax (note 7(a))	<u>1,233</u>	<u>1,399</u>

#### 8. Dividends

##### Equity dividends

	2008 £000	2007 £000
Paid during the year:		
Interim dividend of £0.0993 (2007: £0.405) per ordinary share	<u>1,273</u>	<u>5,193</u>

#### 9. Tangible fixed assets

	Motor Vehicles & Equipment £000
<b>Cost</b>	
At 1 January 2008 and 31 December 2008	<u>8</u>
<b>Depreciation</b>	
At 1 January 2008	6
Charge for the year	<u>1</u>
At 31 December 2008	<u>7</u>
<b>Net Book Value</b>	
At 31 December 2008	<u>1</u>
At 31 December 2007	<u>2</u>

# Traffic Information Services (TIS) Limited

## Notes to the Financial Statements

### For the Year ended 31 December 2008

#### 10. Debtors

	2008 £000	2007 £000
Trade debtors	–	5
Corporation tax recoverable	34	–
Amounts recoverable under PFI contracts	36,395	47,646
Other debtors	97	1,858
Prepayments and accrued income	262	135
	<u>36,788</u>	<u>49,644</u>

The debtors above include the following amounts falling due after more than one year:

	2008 £000	2007 £000
Amounts recoverable under PFI contracts	<u>23,458</u>	<u>35,567</u>

#### Amounts recoverable on PFI contracts

The movement is analysed as follows:

	2008 £000	2007 £000
Balance as at 1 January 2008	47,646	57,920
Repayments received	(11,251)	(10,274)
	<u>36,395</u>	<u>47,646</u>

#### 11. Creditors: Amounts falling due within one year

	2008 £000	2007 £000
Loans from group undertakings	1,433	1,252
Bank loans	8,984	8,043
Trade creditors	6	26
Amounts owed to group undertakings	367	288
Corporation tax	–	550
Other taxation	665	395
Accruals and deferred income	531	1,368
	<u>11,986</u>	<u>11,922</u>

Amounts owed to group undertakings include group relieved tax losses due to parent companies, bearing no interest and Subordinated Debt due to Traffic Information Services (TIS) Holdings Limited, bearing interest at the rate of 14% pa.

# Traffic Information Services (TIS) Limited

## Notes to the Financial Statements

### For the Year ended 31 December 2008

#### 12. Creditors: Amounts falling due after more than one year

	2008 £000	2007 £000
Bank loans	15,035	24,015
Loans from group undertakings	3,519	4,952
	<u>18,554</u>	<u>28,967</u>

Loans from group undertakings are Subordinated Debt due to Traffic Information Services (TIS) Holdings Limited. The Subordinated Debt is secured by full fixed and floating charges. The debt bears interest at the rate of 14% pa. The debt is repayable in 10 consecutive six monthly instalments, the first of which was paid in February 2007 with the final instalment due on 31 August 2011.

The bank loans comprise of Senior Debt which is secured by full fixed and floating charges. The debt bears interest at the rate per annum determined by the lender which will be calculated according to the aggregate of LIBOR, applicable margin and the mandatory liquid asset costs rate. A swap has been taken out against the debt, which eliminates the variable nature of the interest charge. An initial payment of £8,698,000 was repaid on 30 January 2004. Under the terms of the Senior Credit Agreement the remainder of the loan outstanding is repayable in consecutive six monthly instalments, the first of which was paid on 28 February 2005. All debt repayments have been made to date in line with the Senior Credit agreement with the final instalment due on 31 August 2011.

#### 13. Creditors - capital instruments

Creditors include loans which is due for repayment as follows:

	2008 £000	2007 £000
Amounts repayable:		
In one year or less or on demand	10,417	9,295
In more than one year but not more than two years	10,876	10,417
In more than two years but not more than five years	7,678	18,550
	<u>28,971</u>	<u>38,262</u>

#### 14. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2008 £000	2007 £000
Provision brought forward	3,705	4,838
Profit and loss account movement arising during the year	(826)	(1,133)
Provision carried forward	<u>2,879</u>	<u>3,705</u>



# Traffic Information Services (TIS) Limited

## Notes to the Financial Statements

### For the Year ended 31 December 2008

#### 14. Deferred taxation (*continued*)

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2008	2007
	£000	£000
Excess of taxation allowances over depreciation on fixed assets	2,879	3,705
	<u>2,879</u>	<u>3,705</u>

#### 15. Financial risk management objectives and policies

Due to the nature of the Company's business, the only financial risks the directors consider relevant to this Company is credit, cash flow, interest rate and liquidity risk. The credit and cash flow risks are not considered significant as the client is a quasi governmental organisation.

##### *Interest rate risk*

The financial risk management objectives of the Company are to ensure that financial risks are mitigated by the use of financial instruments where they cannot be addressed by means of contractual provisions. The Company uses interest rate swaps to reduce its exposure to interest rate movements. Financial instruments are not used for speculative purposes.

##### *Credit risk*

The Directors do not consider that the Company is exposed to significant credit risk due to the nature and size of the contract and the key customer being the Highways Agency.

The Company's risk with respect to the interest incurred on borrowings is minimised through the use of an interest rate swap.

##### *Liquidity risk*

The Company's liquidity risk is principally managed through financing the Company by means of long term borrowings.

##### *Fair values of financial assets and liabilities*

Set out below is a comparison by category of carrying amounts and fair values of all of the company's financial instruments that are carried in the financial statements at other than fair values:

# Traffic Information Services (TIS) Limited

## Notes to the Financial Statements

### For the Year ended 31 December 2008

#### 15. Financial risk management objectives and policies (*continued*)

	2008		2007	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
<b><i>Financial assets</i></b>				
Interest rate swap	<u>-</u>	<u>552</u>	<u>-</u>	<u>84</u>
<b><i>Financial liabilities</i></b>				
Long-term borrowing	<u>(24,018)</u>	<u>(24,570)</u>	<u>(32,058)</u>	<u>(32,142)</u>

The fair values of the fixed rate borrowing and the interest rate swap have been calculated by discounting the fixed cashflows at the prevailing interest rates at the year end.

#### 16. Share capital

##### Authorised share capital:

	2008 £000	2007 £000
12,823,589 Ordinary shares of £1 each	<u>12,824</u>	<u>12,824</u>

##### Allotted, called up and fully paid:

	2008		2007	
	No	£000	No	£000
Ordinary shares of £1 each	<u>12,823,589</u>	<u>12,824</u>	<u>12,823,589</u>	<u>12,824</u>

#### 17. Profit and loss account

	2008 £000	2007 £000
Balance brought forward	854	4,583
Profit for the financial year	1,025	1,464
Equity dividends	<u>(1,273)</u>	<u>(5,193)</u>
Balance carried forward	<u>606</u>	<u>854</u>

# Traffic Information Services (TIS) Limited

## Notes to the Financial Statements

### For the Year ended 31 December 2008

#### 18. Reconciliation of movements in shareholders' funds

	2008	2007
	£000	£000
Profit for the financial year	1,025	1,464
Equity dividends	(1,273)	(5,193)
Net reduction to shareholders' funds	(248)	(3,729)
Opening shareholders' funds	13,678	17,407
Closing shareholders' funds	13,430	13,678

#### 19. Related party disclosures

The Directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required.

#### 20. Ultimate parent company

The immediate parent company is Traffic Information Services (TIS) Holdings Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent and controlling entity is Barclays Integrated Infrastructure Fund LP. Barclays Integrated Infrastructure Fund LP is owned by a number of investors, with no one investor having individual control.