

Vector Capital Limited

Directors' report and financial statements For 7 months ended 31 December 2010

Registered Number 07267676

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Directors' report and financial statements

Contents

Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditors' report to the members of Vector Capital Limited	5
Consolidated Profit and Loss Account	6
Consolidated Balance Sheet	7
Company Balance Sheet	8
Consolidated Cash Flow Statement	9
Consolidated Statement of Total Recognised Gains and Losses	10
Reconciliations of Movements in Shareholders' Funds	10
Notes	11

Company information

Registered Number

07267676

Registered Office

Martell House
University Way
Cranfield
Bedfordshire
MK43 0TR

Auditors

KPMG LLP
Chartered Accountants and
Registered Auditor
1 Waterloo Way
Leicester
LE1 6LP

Bankers

Barclays Bank Plc
11 Bank Court
Hemel Hempstead
HP1 1BX

Directors' report

The directors present their directors' report and financial statements for the 7 months ended 31 December 2010

Principal activities

Vector Capital Limited was established on May 27, 2010 as a holding company registered in the United Kingdom. The company was established to acquire the entire share capital of Trafficmaster Plc during 2010. Trafficmaster provides intelligent vehicle services to enhance driving experience and improve business performance by saving companies and driver's time and money and reducing their environmental impact.

Results

On 29 July 2010, Vector Capital Limited acquired the entire share capital of Trafficmaster Plc.

The results for the period are set out in the profit and loss account on page 5. These show a loss after tax of \$8,125,000 on turnover of \$32,084,000. The directors do not recommend that a dividend be paid.

The directors consider the functional currency to be US dollar for the following reasons:

- US dollar is the currency that mainly influences the company's sales prices for goods and services and the currency in which majority of funds from financing activities are generated,
- The US is the country which competitive forces and regulations mainly affect the sales prices and costs of the company's goods and services.

For the above reason these financial statements are presented in US dollars.

Risk management

The group's policy seeks to ensure that adequate financial resources are available for the development of the group's business whilst managing its currency, interest rate and credit risks.

Currency Translation Exposure

The results of the group's overseas subsidiaries are translated to US dollar at the average exchange rates for the period concerned. The balance sheets of overseas subsidiaries are translated into US dollar at the closing exchange rates. Any gains and losses resulting from translation are recorded in the translation reserve. The group does not hedge translation exposure by forward exchange contracts or currency swaps, nor does it currently hedge translation exposures.

Currency Transaction Exposure

This arises where actual sales and purchases are made by a business unit in a currency other than its own functional currency. The group does not currently hedge currency transaction exposure by forward exchange contracts and currency swaps.

Interest rate risk

The group's policy is to borrow funds to finance working capital and acquisitions. Such borrowings are in the form of bank overdrafts and bank loans. Such borrowings have variable interest rates based upon bank base rates and risks are therefore subject to fluctuations in such rates. The group does not currently hedge its interest rate exposures.

Credit risk

Cash deposits and other financial instruments give rise to credit risk, represented by the loss that would be recognised if a customer failed to perform as contracted. The credit rating and performance of customers are monitored on a regular basis in accordance with board-approved policies.

Employees

The group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings.

The group recognises its social and statutory duties to employ disabled persons and pursues a policy of providing, wherever possible, the same employment and training opportunities to disabled persons as to other employees.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

The group continues to record a good health and safety record with no serious reported incidents aided by solid training and reporting schemes being in place.

Environment

The group acts in an environmentally responsible manner which is consistent with the products and services being sold, focussing on efficient use of vehicles thereby reducing environmental impact. Our Environmental Management System (EMS) in the UK has been independently audited by BSI and met the NS EN ISO 14001 2004 Standard.

Research and development

The group pursues an active policy of research and development to introduce new products and improve the quality and cost-effectiveness of its services.

Directors

The directors who held office during the period and thereafter were as follows:

David Fishman (appointed 27 May 2010)

Mark Schwarz (appointed 19 July 2011)

David Anthony Baylor (appointed 19 July 2011)

Political and charitable contributions

Neither the company nor any of its subsidiaries made any political or charitable donations or incurred any political expenditure during the year.

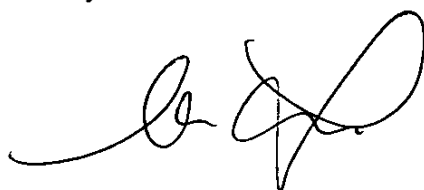
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Mark Schwarz
Director

Martell House
University Way
Cranfield
Bedfordshire
MK43 0TR

Date 6 November 2011

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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, they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Vector Capital Limited

We have audited the financial statements of Vector Capital Ltd for the 7 months ended 31 December 2010 set out on pages 6 to 27. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

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 December 2010 and of the group's loss for the period from 27 May 2010 (the date of incorporation) to 31 December 2010,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



J D Leech (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Waterloo Way
Leicester
LE1 6LP

Date: 11 November 2011

Consolidated Profit and Loss Account
For 7 months ended 31 December 2010

	<i>Note</i>	Acquisitions 2010 \$000
Turnover	<i>1</i>	32,084
Cost of sales		(14,771)
Gross profit		17,313
Administrative expenses		(23,163)
Operating loss		(5,850)
Interest receivable	<i>6</i>	8
Interest payable	<i>7</i>	(2,209)
Loss on ordinary activities before taxation	<i>3</i>	(8,051)
Tax on loss on ordinary activities	<i>8</i>	(74)
Loss for the period after taxation	<i>18</i>	(8,125)

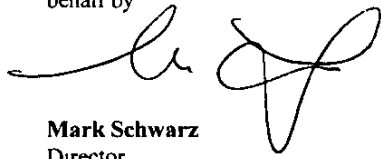
The results are derived from continuing operations

There is no difference between the loss on ordinary activities before taxation as disclosed in the profit and loss account and the loss on an unmodified historical cost basis

Consolidated Balance Sheet
as at 31 December 2010

	<i>Note</i>	2010 \$000
Fixed assets		
Intangible assets	9	145,748
Tangible assets	10	14,932
		<hr/> 160,680 <hr/>
Current assets		
Stocks	12	4,428
Debtors	13	13,982
Cash at bank and in hand		7,635
		<hr/> 26,045 <hr/>
Creditors amounts falling due within one year	14	(40,474)
		<hr/>
Net current liabilities		(14,429)
		<hr/>
Total assets less current liabilities		146,251
Creditors amounts falling due after more than one year	15	(56,579)
Provisions for liabilities	16	(3,131)
		<hr/>
Net assets		86,541
		<hr/>
Capital and reserves		
Called up share capital	17	-
Share premium account	18	94,693
Foreign exchange translation reserve	18	(27)
Profit and loss account	18	(8,125)
		<hr/>
Equity shareholders' funds		86,541
		<hr/>

These financial statements were approved by the board of directors on 1st November 2011 and were signed on its behalf by



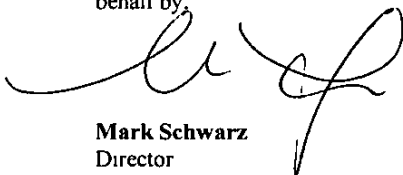
Mark Schwarz
Director

Company Registered Number 07267676

Company Balance Sheet
as at 31 December 2010

	<i>Note</i>	2010 \$000
Fixed assets		
Investments	<i>11</i>	111,823
		<hr/> 111,823 <hr/>
Total assets less current liabilities		111,823
Creditors amounts falling due after more than one year	<i>15</i>	(17,130)
		<hr/>
Net assets		94,693
		<hr/> <hr/>
Capital and reserves		
Called up share capital	<i>17</i>	-
Share premium account	<i>18</i>	94,693
Profit and loss account	<i>18</i>	-
		<hr/>
Equity shareholders' funds		94,693
		<hr/> <hr/>

These financial statements were approved by the board of directors on 10 November 2011 and were signed on its behalf by:



Mark Schwarz
 Director

Company Registered Number 07267676

Consolidated Cash Flow Statement

For 7 months ended 31 December 2010

	<i>Note</i>	2010 \$000
Cash Flow Statement		
Cash flows from operating activities	20	(1,143)
Returns on investment and servicing of finance	21	(2,201)
Taxation		(332)
Capital expenditure and financial investments	21	(2,504)
Acquisitions and disposals	21	(109,811)
		<hr/>
Cash outflow before financing		(115,991)
Financing	21	123,626
		<hr/>
Increase in cash in the period		7,635
		<hr/>

Reconciliation of net cash flow to movement in net debt

Increase in cash in the period		7,635
Cash inflow from increase in debt	21	(28,933)
		<hr/>
Change in net debt resulting from cash flows		(21,298)
Loans acquired through purchase of subsidiary	21	(24,479)
Finance leases acquired through purchase of subsidiary	21	(563)
		<hr/>
Movement in net debt in the period		(46,340)
Net debt at the start of the period		-
		<hr/>
Net debt at the end of the period	22	(46,340)
		<hr/>

Consolidated Statement of Total Recognised Gains and Losses
for the 7 months ended 31 December 2010

	2010 \$000
Loss for the financial period	(8,125)
	<u>(8,125)</u>
Net exchange differences on the retranslation of net investments and related borrowings	(27)
Total recognised gains and losses relating to the financial year	<u><u>(8,152)</u></u>

Consolidated reconciliation of movements in shareholders' funds
for the 7 months ended 31 December 2010

	2010 \$000
Loss for the financial period	(8,125)
Other recognised losses	(27)
Issue of share capital	94,693
	<u>86,541</u>
Net addition to shareholders' funds	86,541
Opening equity shareholders' funds	-
Closing equity shareholders' funds	<u><u>86,541</u></u>

Company reconciliation of movements in shareholders' funds
for the 7 months ended 31 December 2010

	2010 \$000
Issue of share capital	94,693
Opening equity shareholders' funds	-
Closing equity shareholders' funds	<u><u>94,693</u></u>

Notes (forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006, applicable UK accounting standards, and under the historical cost accounting rules

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

The company's functional and presentational currency is determined to be US dollar

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2010. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of \$14.4 million. The directors have prepared cash flow forecast for the group for the period to 31 December 2012 and believe the group will meet the covenants set out in its banking facility agreement and its liabilities as they fall due for at least next twelve months. As such, the directors have prepared these financial statements on the going concern basis

Investments

In the company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost less any impairment in value

Tangible Fixed Assets and Depreciation

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

Leases and leasehold improvements	— Over the period of the lease
Fixtures, fittings and computer equipment	— 5 years
Motor vehicles	— 4 years
Infrastructure	— 7 years
Equipment leased to customers	— 3 years
Freehold building	— 50 years
Leasehold land	— 199 years

Infrastructure relates to a network of nationwide sensors and transmitters that gather and distribute traffic data

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors

Notes (continued)

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised and amortised to nil by equal annual instalments over its estimated useful life, which is considered to be 20 years

Impairment of fixed assets and goodwill

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Research and Development Expenditure

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred.

Pension Costs

The company does not operate a pension scheme for its employees. It does, however, make contributions to the private pension arrangements of certain employees. These arrangements are of the money purchase type, and the amount charged to profit and loss account represents the contributions payable by the group during the financial year.

Notes (continued)

Turnover

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided over the normal course of business. If it is probable that discounts will be granted and that amount can be measured reliably, then the discount is recognised as a reduction in revenue as the sales are recognised.

Revenue is recognised when the following criteria are considered to be met:

- Persuasive evidence of an arrangement exists,
- Delivery and performance have occurred,
- The arrangement consideration is fixed or determinable, and
- Collectability is reasonably assured.

These criteria are met once the product has shipped and title and risk of loss have transferred to the customer. The Company recognises revenue from the sale of hardware products and software bundled with hardware that is essential to the functionality of the hardware in accordance with these general revenue recognition principles.

The Company may sell products and services which are bundled together in a multiple element arrangement. These arrangements comprise the provision of hardware items that contain software that is essential to the tangible product's functionality, together with certain ongoing services such as airtime and data information delivery. When sales comprise the delivery of multiple elements, the arrangement consideration is allocated by reference to the relative selling price of the elements. Selling price is determined according to the following hierarchy: vendor specific objective evidence (VSOE), third party evidence (TPE) and estimated selling price (ESP). Each of these methodologies are applied according to circumstances specific to the individual elements being supplied. VSOE generally exists only when the Company sells the deliverable separately and is the price actually charged by the Company for that deliverable.

For the Company's Fleet Director product the Company has identified five deliverables contained in typical Fleet Director arrangements. These comprise two items of hardware (in-vehicle units and display terminals) plus software essential to the functionality of the hardware delivered at the time of sale, the installation of the equipment, the provision of ongoing training and the provision of services comprising principally airtime and data. The Company has allocated revenue between these deliverables using the relative selling price method determined using VSOE where available but also TPE and ESP. Amounts allocated to the installation are recognized on delivery provided the other conditions for revenue recognition have been met. The revenue allocated to the training and services is deferred and recognized on a straight-line basis over the contract term.

In some cases, title and risk in the hardware does not pass, therefore the arrangement is accounted for as a lease. The hardware is held within tangible fixed assets and depreciated over its expected useful life to its estimated residual value.

In accordance with the guidance of SSAP 21 revenue may be recognised for the sale of the two items of hardware when any of the following criteria are met:

- The lease transfers ownership of the property to the lessee by the end of the lease term,
- The lease contains a bargain purchase option,
- The lease term is equal to 75 percent or more of the estimated economic life of the leased property, or
- The present value at the beginning of the lease term of the minimum lease payments, equals or exceeds 90 percent of the fair value of the leased property to the lessor at lease inception.

The Company also sells perpetual licenses for access to traffic data. Revenue is recognised on a straight line basis over periods of between 2 and 3 years, being the currently estimated life of the products to which the licenses apply. When licenses are sold as part of a multiple element arrangement, the revenue allocated to the license – in accordance with the approach set out above – is likewise recognised on a straight line basis.

The Company also sells subscriptions for access to services to customers who already own equipment. Revenue is recognised on a straight line basis over the contract period in each case.

Notes (continued)

Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into US dollars at rates prevailing at the balance sheet date. Differences arising from the translation, at closing rates, of loans to overseas subsidiaries, foreign currency borrowings, trading and other items are taken to the profit and loss account.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the period. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Provisions

A provision is recognised in the Balance Sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash outflows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability.

Dismantling

Liabilities for dismantling costs are recognised when the company has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equal to the provision is also created. This is subsequently depreciated as part of the capital costs of the facility or item of plant.

Taxation

The charge for taxation is based upon the result for the year and takes account of taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise recognised by FRS 19.

Net debit balances are recognised as assets only to the extent that they are expected to be recovered.

Notes (continued)

Financial Assets and Liabilities

Financial assets and liabilities are recognised on the company Balance Sheet when the company becomes a party to the contractual provisions of the instrument

Financial assets and financial liabilities are accounted for in the financial statements as follows

- financial assets or liabilities held for trading, all derivatives other than hedging instruments and any other financial assets or liabilities designated at the time of initial recognition as "measured at fair value through the income statement" are stated at fair value and all changes in fair value are recognised immediately in the Income Statement,
- financial assets held to maturity are measured at amortised cost calculated using the effective interest method,
- loans and receivables are measured at amortised cost calculated using the effective interest method,
- financial assets available for sale are measured at fair value with gains and losses on re-measurement of these assets recognised directly in equity,
- other financial liabilities are measured at amortised cost using the effective interest method

The company does not use derivative financial instruments to hedge its exposure to foreign exchange, nor does it hold or issue derivative financial instruments for trading purposes. The company's principal financial instruments are borrowings for the purposes of funding operating activities

Cash and Short-Term Deposits

Cash comprises, for the purpose of the cash flow statement, cash in hand and deposits repayable on demand, less overdrafts payable on demand

Notes (continued)

2 Segmental information

In the opinion of directors, the company operates through one business segment being the provision of intelligent driving services to motorists. Two main geographical areas of operations are the US and the UK. The split of the company's results and net assets between those areas is as follows:

	UK 2010 \$000	US 2010 \$000	Total 2010 \$000
Turnover	12,106	19,978	32,084
Segment operating loss	(897)	(336)	(1,233)
Common costs			(4,614)
Group operating loss			(5,850)
Net interest			(2,201)
Group loss before taxation			(8,051)
Segment net (liabilities)/assets	(12,204)	5,825	(6,379)
Unallocated assets			92,920
Group net assets			86,541

3 Notes to the profit and loss account

	2010 \$000
<i>Loss on ordinary activities before taxation is stated after charging:</i>	
Depreciation	1,556
Amortisation of goodwill	3,101
Operating lease rentals - other	444
Research and development expenditure	2,622

Notes (continued)

Auditors' remuneration

	2010
	\$000
Audit of these financial statements	110
Amounts receivable by auditors and their associates in respect of	
Audit of financial statements of subsidiaries pursuant to legislation	39
Other Services relating to taxation	42
Services relating to corporate finance transactions	55
	<hr/>
	246
	<hr/>

4 Directors' emoluments

None of the directors who held office during the period received any emoluments from the company

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period was as follows

	Number of employees
	2010
Operations	270
Sales and marketing	179
Administration	56
	<hr/>
	505
	<hr/>

The aggregate payroll costs of these persons charged to the profit and loss account were as follows

	2010
	\$000
Salaries	14,395
Social security costs	445
Pension costs	254
	<hr/>
	15,094
	<hr/>

Notes (continued)

6 Other interest receivable and similar income

	2010 \$000
Other interest receivable	8
	<u>8</u>

7 Interest payable and similar charges

	2010 \$000
On bank loans and overdrafts	2,166
Net exchange losses	43
	<u>2,209</u>

8 Taxation

Analysis of charge in period

	2010 \$000
<i>UK corporation tax</i>	
Current tax on income for the period	-
<i>Foreign tax</i>	
Current tax on income for the period	74
	<u>74</u>
Total current tax	<u>74</u>

Factors affecting the tax charge for the current period

The current tax charge for the year is lower than the standard rate of corporation tax in the UK, 28%. The differences are explained below

	2010 \$000
<i>Current tax reconciliation</i>	
Loss on ordinary activities before tax	(8,125)
	<u>(8,125)</u>
Current tax at 28%	(2,275)
Effects of	
Expenses not deductible for tax	907
Other permanent adjustments	55
Excess of depreciation over capital allowances	(52)
Decrease in other timing differences	(65)
Increase in losses carried forward	1,911
Difference in tax rates	(407)
	<u>74</u>
Total current tax	<u>74</u>

Gross tax losses of \$87,361,000 are available to carry forward against future taxable profits of the same trade

Notes (continued)

Factors that may affect future tax charges

The 2011 budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2010) was substantially enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective 1 April 2012) were substantially enacted on 29 March 2011 and 5 July 2011 respectively.

9 Intangible fixed assets

	Goodwill
	\$000
Group	
<i>At Cost</i>	
At 27 May 2010	-
Additions	148,849
	<hr/>
At 31 December 2010	148,849
	<hr/>
<i>Amortisation</i>	
At 27 May 2010	-
Charge for period	3,101
	<hr/>
At 31 December 2010	3,101
	<hr/>
<i>Net book value</i>	
At 31 December 2010	145,748
	<hr/>

Notes (continued)

10 Tangible fixed assets

	Land and buildings \$000	IT equipment and systems \$000	Infrastructure \$000	Equipment leased to customers \$000	Furniture and equipment \$000	Motor vehicles \$000	Total \$000
Group							
<i>At Cost</i>							
At 27 May 2010	-	-	-	-	-	-	-
Additions	-	744	-	1,760	-	-	2,504
Acquisitions	6,034	4,794	2,615	-	326	215	13,984
	<u>6,034</u>	<u>5,538</u>	<u>2,615</u>	<u>1,760</u>	<u>326</u>	<u>215</u>	<u>16,488</u>
At 31 December 2010	6,034	5,538	2,615	1,760	326	215	16,488
<i>Depreciation</i>							
At 27 May 2010	-	-	-	-	-	-	-
Charge for period	113	799	406	150	61	27	1,556
	<u>113</u>	<u>799</u>	<u>406</u>	<u>150</u>	<u>61</u>	<u>27</u>	<u>1,556</u>
At 31 December 2010	113	799	406	150	61	27	1,556
<i>Net book value</i>							
At 31 December 2010	<u>5,921</u>	<u>4,739</u>	<u>2,209</u>	<u>1,610</u>	<u>265</u>	<u>188</u>	<u>14,932</u>

The net book value of land and buildings comprises

	2010
	\$000
Freehold buildings	4,873
Long leasehold land	1,048
	<u>5,921</u>

Notes (continued)

11 Fixed asset investments

Company	Investments in subsidiary undertakings \$000
<i>At Cost</i>	
At 27 May 2010	-
Additions	111,823
At 31 December 2010	111,823
<i>Provisions</i>	
At 27 May 2010	-
At 31 December 2010	-
<i>Net book value</i>	
At 31 December 2010	111,823

The principal subsidiaries included in these consolidated financial statements in which the company's interest at the year end is 50% or more are as follows

Subsidiary Undertakings	Country of incorporation	Principal activity	Class and % of shares held
<i>Held directly by parent company</i>			
Trafficmaster Ltd	Great Britain	Telematics	Ordinary 100%
<i>Held by the group</i>			
Teletrac Inc	United States of America	Telematics	Ordinary 100%
Fleet Management Systems Inc	United States of America	Telematics	Ordinary 100%
Trafficmaster Telematics Services Ltd	Great Britain	Telematics	Ordinary 100%
Trackstar Limited	Great Britain	Telematics	Ordinary 100%
Eurowatchcentral Ltd	Great Britain	Telematics	Ordinary 100%
Eurowatchcentral Norway AS	Norway	Telematics	Ordinary 100%
Teletrac Holdings inc	United States of America	Non-trading	Ordinary 100%
Telematica Systems Ltd	Great Britain	Non-trading	Ordinary 100%
Trafficmaster Developments Ltd	Great Britain	Non-trading	Ordinary 100%
Trafficmaster Inc	United States of America	Non-trading	Ordinary 100%
Trafficmaster USA Inc	United States of America	Non-trading	Ordinary 100%
Teletrac License Inc	United States of America	Non-trading	Ordinary 100%
Exflinsy Ltd	Great Britain	Non-trading	Ordinary 100%
Protechnica Consultants Ltd	Great Britain	Non-trading	Ordinary 100%
Yeoman Group Plc	Great Britain	Non-trading	Ordinary 100%
Yeoman Navigation Systems Ltd	Great Britain	Non-trading	Ordinary 100%
Yeoman(Cambridge) Plc	Great Britain	Non-trading	Ordinary 100%
Tri-Mex Group Ltd	Great Britain	Non-trading	Ordinary 100%
Tri-Mex International Ltd	Great Britain	Non-trading	Ordinary 100%
Globalwatch Central Ltd	Great Britain	Non-trading	Ordinary 100%

Notes (continued)

12 Stocks

	Group 2010 \$000	Company 2010 \$000
Raw materials and consumables	1,921	-
Finished goods for resale	2,507	-
	<u>4,428</u>	<u>-</u>

13 Debtors

	Group 2010 \$000	Company 2010 \$000
Trade debtors	8,061	-
Prepayments and accrued income	5,921	-
	<u>13,982</u>	<u>-</u>

14 Creditors, amounts falling due within one year

	Group 2010 \$000	Company 2010 \$000
Bank loans	4,013	-
Trade creditors	10,759	-
Income taxes	74	-
Other taxes and social security	910	-
Accruals and deferred income	24,577	-
Obligations under finance leases	141	-
	<u>40,474</u>	<u>-</u>

In June 2010, the Company entered into a Credit Agreement with two commercial banks that permits the Company to borrow up to \$58,500,000. The credit facility comprises a Revolving Facility of \$5,000,000 and a Term Loan of \$53,500,000 and has a maturity date of 2 August 2015. Interest is payable on the amounts borrowed at either a LIBOR rate plus 4.75% or a base rate plus 5.75%. As at December 31, 2010 the Company had drawn \$53,500,000 under the Credit Agreement.

The credit facility is secured against the assets of the Company and contains various restrictions and financial covenants. The Company complied with its obligations under the Credit Agreement as at December 31, 2010.

The aggregate maturities of long-term debt for each of the five years subsequent to December 31, 2010 are \$4,012,500 in 2011, \$6,687,500 in 2012, \$8,025,000 in 2013 and 2014, and \$26,750,000 in 2015.

Notes (continued)

15 Creditors: amounts falling due after more than one year

	Group 2010 \$000	Company 2010 \$000
Bank Loans	49,487	-
Deferred income	6,758	-
Obligations under finance leases	334	-
Amounts owed to group undertakings	-	17,130
	<u>56,579</u>	<u>17,130</u>

16 Provision for liabilities

a) Deferred taxation

The elements of deferred taxation are as follows

	Amounts unprovided Group 2010 \$000	Amounts unprovided Company 2010 \$000
Accelerated capital allowances	3,138	-
Short term timing differences	15,860	-
Losses carried forward	27,009	-
	<u>46,007</u>	<u>-</u>

The deferred tax assets not recognised in 2010 have not been recognised on the basis that the future economic benefits are uncertain

b) Other provisions

	Group 2010 \$000	Company 2010 \$000
Asset retirement obligation	3,131	-
	<u>3,131</u>	<u>-</u>

The company has made a provision for dismantling and removing the infrastructure (a network of nationwide sensors and transmitters). Because of the long-term nature of the liability, the biggest uncertainty in estimating the provision is the timing and the cost that will be incurred. In particular, the company has assumed that the work will be carried out using technology and materials that are currently available.

Notes (continued)

17 Called up share capital

	2010 \$000
<i>Allotted, called up and fully paid</i>	
100 ordinary shares of 8 cents each	-
	-
	-

On incorporation the company allotted 100 ordinary shares of 8 cents each in exchange for consideration of \$8

18 Capital and reserves

	Share premium account \$000	Translation reserve \$000	Profit and loss \$000	Total \$000
Group				
At 27 May 2010	-	-	-	-
Loss for the financial period	-	-	(8,125)	(8,125)
Other recognised gains/(losses)	-	(27)	-	(27)
Issue of share capital	94,693	-	-	94,693
	-	-	-	-
At 31 December 2010	94,693	(27)	(8,125)	86,541

	Share premium account \$000	Total \$000
Company		
At 27 May 2010	-	-
Issue of share capital	94,693	94,693
	-	-
At 31 December 2010	94,693	94,693

19 Financial commitments

	Land and buildings \$000	Other \$000
Annual commitments under non-cancellable operating leases which expire		
In less than one year	-	108
In the second to fifth years inclusive	135	247
Over five years	290	-
	-	-
Total	425	355

Notes (continued)

20 Reconciliation of operating loss to operating cash flows

	2010
	\$000
Operating loss	(5,850)
Depreciation and amortisation	4,657
Decrease in stocks	1,039
Increase in debtors	(778)
Decrease in creditors	(211)
	<u>(1,143)</u>
	<u><u> </u></u>

21 Analysis of cash flows

	2010
	\$000
Returns on investment and servicing of finance	
Interest received	8
Interest paid	(2,209)
	<u>(2,201)</u>
	<u><u> </u></u>
Capital expenditure and financial investments	
Purchase of tangible fixed assets	(2,504)
	<u>(2,504)</u>
	<u><u> </u></u>
Acquisitions and disposals	
Purchase of subsidiary undertaking (net of cash acquired)	(109,811)
	<u>(109,811)</u>
	<u><u> </u></u>
Financing	
Issue of share capital	94,693
Debt due within one year	
Increase in short-term borrowing	4,013
Repayment of secured loans	(24,479)
Debt due after more than one year	
New secured loans	49,487
Capital element of finance lease rentals	(88)
	<u>123,626</u>
	<u><u> </u></u>

Notes (continued)

22 Analysis of net debt

	At beginning of period \$000	Cash flow \$000	Acquisition \$000	At end of period \$000
Cash at bank and in hand	-	7,635	-	7,635
Borrowings	-	(29,021)	(24,479)	(53,500)
Finance leases	-	88	(563)	(475)
Total	-	(21,298)	(25,042)	(46,340)

23 Purchase of subsidiary undertaking

On 27 July 2010, the Company acquired 100% of the outstanding common shares of Trafficmaster Plc, a UK registered market leader in intelligent driving services. The following table summarises the provisional value of the consideration paid for Trafficmaster Plc and the provisional amounts at fair value of the assets acquired and liabilities assumed at the acquisition date.

Net assets acquired	Note	Book value \$000	Fair value adjustments \$000	Fair value \$000
Tangible fixed assets	(i)	21,513	(7,529)	13,984
Intangible fixed assets	(ii)	17,691	(17,691)	-
Stocks	(iii)	7,031	(1,564)	5,467
Debtors	(iv)	78,885	(65,680)	13,205
Cash		2,012	-	2,012
Creditors due within one year	(v)	(43,524)	19,653	(23,871)
Creditors due after more than one year	(vi)	(47,158)	(665)	(47,823)
Goodwill		36,450	(73,476)	(37,026)
				148,849
				111,823
Satisfied by:				
Cash (including expenses)				111,823
				111,823

Notes (continued)

Notes:

- (i) Fair value adjustment to tangible fixed assets mainly related to the reduction in market value of the company's freehold headquarters building at Cranfield
- (ii) An adjustment to Intangible fixed assets was made to write off of the carrying amount of capitalised development expenditure in order to align the accounting policy of the acquired entity with that of the Company
- (iii) On reviewing the quantity of stock purchased and the estimated usage, it was identified that, in the opinion of directors, the asset values were greater than their potential consumption and appropriate adjustments were made to reflect their value
- (iv) An adjustment to debtors was mainly made to write off the accrued un-invoiced portion of the long term customer contracts asset in order to align the accounting policies of the Company and the acquired entity. Also, it was identified that in the opinion of directors the book value being carried forward for certain trade debtors was greater than their collectable value and appropriate adjustments were made to reflect their fair values
- (v) An adjustment to creditors due within one year was mainly made to write off deferred revenue related to accrued customer contracts (as described above) in order to align the accounting policies of the Company and the acquired entity
- (vi) An adjustment to creditors due after more than one year was made to increase asset retirement provision related to the Company's obligation to dismantle the infrastructure (a network of nationwide sensors and transmitters)

24 Contingent liabilities

On 3 February 2010 Trafficmaster Plc acquired the entire share capital of US based Fleet Management Solutions, Inc (FMS) for a total consideration of \$13.25 million (£8.1 million) including \$6 million (£3.7 million) of deferred contingent consideration based on certain performance criteria being met in the calendar years 2010 and 2011.

The company is party to a cross guarantee with respect to the bank borrowings of certain group companies. At 31 December 2010 the bank balances of the subsidiaries which are party to this guarantee were not overdrawn.

25 Ultimate parent company

The company is a wholly owned subsidiary of Vector TM Holdings (Cayman) Limited, a company incorporated in Cayman Islands and the ultimate parent company is Vector Capital Corporation, a company incorporated in the US.

These financial statements represent the largest group in which the results of the company are consolidated.