

RAC Trafficmaster Telematics Limited

Directors' report and financial statements For the year ended 31 December 2005

Registered Number 3666090



Directors' report and financial statements

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Company information

Registered Number

3666090

Registered Office

Martell House
University Way
Cranfield
Bedfordshire
MK43 0TR

Auditors

KPMG Audit Plc
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 annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company is the provision of telematics and travel services to the motor industry.

Results

The results for the year are set out in the profit and loss account on page 5. These show neither a profit nor loss for the year (2004: *£nil*) after tax on turnover of £1,595,000 (2004: *£1,376,000*). The directors do not recommend that a dividend be paid.

Directors and directors' interests

The directors who held office during the year were as follows:

N P Bond

M A Childs

S Berman

J D Henry

None of the directors who held office at the end of the financial year had any interest in the shares of the company.

No emoluments were paid by the company to the directors during the year.

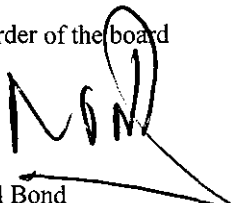
Political and charitable contributions

The company made no political or charitable contributions during the year (2004: *£nil*).

Auditors

KPMG Audit Plc have expressed their willingness to continue as auditors of the company and in accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the board


Nigel Bond
Company Secretary

Martell House
University Way
Cranfield
Bedfordshire
MK43 0TR

Date: 20 June 2006

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 financial statements in accordance with UK Accounting Standards.

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 that period.

In preparing these 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 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company 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 RAC Trafficmaster Telematics Limited

We have audited the financial statements of RAC Trafficmaster Telematics Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its result for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor
1 Waterloo Way
Leicester LE1 6LP

Date: 20 June 2006

Profit and loss account
for the year ended 31 December 2005

	<i>Note</i>	2005 £000	2004 £000
Turnover	<i>1</i>	1,595	1,376
Cost of sales		(216)	(106)
Gross profit		1,379	1,270
Administrative expenses		(1,379)	(1,271)
Operating loss		-	(1)
Interest receivable	<i>2</i>	-	1
Result on ordinary activities before taxation	<i>3</i>	-	-
Tax on result on ordinary activities	<i>5</i>	-	-
Retained loss for the year after taxation	<i>11</i>	-	-

There were no recognised gains or losses other than those recorded in the profit and loss account.

The results are derived from continuing operations.

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

Balance sheet
as at 31 December 2005

	<i>Note</i>	2005 £000	2004 £000
Fixed assets			
Tangible assets	6	-	-
		-	
Current assets			
Debtors	7	432	283
Cash at bank and in hand		10	14
		442	297
Creditors: amounts falling due within one year	8	(209)	(64)
Net current assets		233	233
Total assets less current liabilities		233	233
Creditors: amounts falling due after more than one year	9	(1,100)	(1,100)
Net liabilities		(867)	(867)
Capital and reserves			
Called up share capital	10	1,000	1,000
Profit and loss account	11	(1,867)	(1,867)
Equity shareholders' funds		(867)	(867)

These financial statements were approved by the board of directors on 20 June 2006 and were signed on its behalf by:



M A Childs
 Director



S Berman
 Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2005

	2005 £000	2004 £000
Result for the financial year	-	-
Opening equity shareholders' funds	(867)	(867)
Closing equity shareholders' funds	<u>(867)</u>	<u>(867)</u>

Notes *(forming part of the financial statements)*

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

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost convention.

The directors believe that the company will continue to receive financial support from its shareholders sufficient to allow the company to perform its obligations and to meet its liabilities for at least the period of one year from the date these financial statements are approved. For this reason, they continue to adopt the going concern basis in preparing financial statements.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

Fixed assets and depreciation

Depreciation is provided by the company 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:

Computers	-	3 years
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Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation. 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.

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 company during the financial year.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Notes *(continued)*

2 Interest receivable

	2005	2004
	£000	£000
Bank interest	-	1
	<u>-</u>	<u>1</u>
	<u>-</u>	<u>1</u>

3 Result on ordinary activities before taxation

	2005	2004
	£000	£000
Result on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit	7	7
	<u>7</u>	<u>7</u>

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
Sales and administration	1	1
	<u>1</u>	<u>1</u>

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£000	£000
Wages and salaries	61	65
Social security costs	6	7
Pension costs	13	14
	<u>80</u>	<u>86</u>

The emoluments for the general manager were invoiced by and paid directly to RAC Motoring Services Limited.

None of the directors received any remuneration from the Company.

Notes *(continued)*

5 Taxation

	2005	2004
	£000	£000
UK corporation tax	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

There is no tax charge in either year as explained below.

	2005	2004
	£000	£000
Result on ordinary activities before tax	-	-
	<hr/>	<hr/>
Current tax at 30%	-	-
Effects of:		
Capital allowances less than depreciation	-	-
Utilisation of tax losses	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

Gross tax losses of £1,400,000 (2004: £1,400,000) are available to carry forward against future taxable profits of the same trade.

The company has a deferred tax asset relating to these losses of approximately £420,000 (2004: £420,000) which is not recognised on the basis that the future economic benefit is uncertain.

Notes *(continued)*

6 Tangible fixed assets

	Computers And Equipment	Total
	£000	£000
<i>At Cost</i>		
At 1 January 2005	3	3
Disposals	(3)	(3)
	<hr/>	<hr/>
At 31 December 2005	-	-
	<hr/>	<hr/>
<i>Depreciation</i>		
At 1 January 2005	3	3
Disposals	(3)	(3)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 December 2005	-	-
	<hr/>	<hr/>
At 31 December 2004	-	-
	<hr/>	<hr/>

7 Debtors: amounts falling due within one year

	2005 £000	2004 £000
Trade debtors	280	220
Amounts owed by associated companies	36	27
Prepayments and accrued income	116	36
	<hr/>	<hr/>
	432	283
	<hr/>	<hr/>

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2005	2004
	£000	£000
Trade creditors	1	-
Amounts owed to associated companies	199	33
Taxation and social security	-	13
Accruals and deferred income	9	18
	<hr/> 209 <hr/>	<hr/> 64 <hr/>

9 Creditors: amounts falling due after more than one year

	2005	2004
	£000	£000
Medium term loans	1,100	1,100
	<hr/> 1,100 <hr/>	<hr/> 1,100 <hr/>

The shareholders, Trafficmaster Plc and RAC Motoring Services Limited, made interest free loans to the company of £550,000 each. The loans commenced on 3 December 2001 and were not repayable for a minimum of two years. The loans shall continue unless either party gives 3 months notice in writing that it wishes to discontinue the loan. The loans are not expected to be repaid within twelve months of the balance sheet date.

10 Called up share capital

	2005	2004
	£000	£000
<i>Authorised</i>		
500,000 "A" shares of £1.00 each	500	500
500,000 "B" shares of £1.00 each	500	500
	<hr/> 1,000 <hr/>	<hr/> 1,000 <hr/>
<i>Allotted, called up and fully paid</i>		
500,000 "A" shares of £1.00 each	500	500
500,000 "B" shares of £1.00 each	500	500
	<hr/> 1,000 <hr/>	<hr/> 1,000 <hr/>

The "A" and "B" shares rank pari passu in all respects as if they constituted one class of share.

Notes (continued)

11 Reserves

	Profit and Loss £000
At the beginning and end of the year	(1,867)

12 Related party disclosures

The company is a joint venture between RAC Motoring Services Limited and Trafficmaster Plc. During the year management and information fees and costs recharges were invoiced by Trafficmaster Plc amounting to £1,255,000 (2004: £1,161,000) and £215,000 (2004: £94,000) respectively. The company also invoiced services amounting to £130,000 (2004: £115,000) to Trafficmaster Plc. At 31 December 2005, amounts due to Trafficmaster Plc were £749,000 (2004: £583,000), including a long term interest free loan of £550,000 (2004: £550,000) which has no fixed repayment date. This is included within creditors due after more than one year. In addition, Trafficmaster Plc is owed a trading debt of £199,000 (2004: £33,000) included within creditors due within one year.

The company has invoiced services to RAC Motoring Services Limited amounting to £375,000 (2003: £375,000). At the year end the amounts owed by RAC Motoring Services Limited amounted to £36,000 (2004: £27,000). These amounts are included within debtors. At 31 December 2005, amounts due to RAC Motoring Services Limited included within creditors due after more than one year were £550,000 (2004: £550,000), relating to a long term interest free loan which has no fixed repayment date.

13 Ultimate controlling party

The company is jointly controlled by the two shareholders, Trafficmaster Plc and RAC Motoring Services Limited.