Company Registration No. 3666090

TRAFFICMASTER TRAFFIC SERVICES LIMITED

Report and Financial Statements

31 December 2019

TRAFFICMASTER TRAFFIC SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2019

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TRAFFICMASTER TRAFFIC SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C Blount
R Lalovic
R Lilwall

SECRETARY

R Lalovic

REGISTERED OFFICE

K1 – First Floor
Kents Hill Business Park
Milton Keynes
MK7 6BZ

BANKERS

HSBC Bank plc
62-76 Park Street
London
SE1 9DZ

AUDITORS

Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

STRATEGIC REPORT

REVIEW OF BUSINESS

The principal activity of the Company is the provision of telematics and travel services to the motor industry.
The results for the year are set out in the Statement of comprehensive income on page 8. The directors do not recommend that a dividend be paid.

FUTURE DEVELOPMENTS

The Company is committed to continuing with further development of its services. Development initiatives will primarily focus on improving existing and developing new traffic information contents and delivery methods.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company uses various financial instruments. These include inter-company loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Currency risk

The Company is exposed to translation and transaction foreign exchange risk. The company policy is to manage currency exposure through the process of matching the timing of the settling of these sales and purchase invoices so as to eliminate, as far as possible, currency exposures.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The company policy throughout the year has been to ensure continuity of funding which is achieved through bank account pooling arrangement with other UK based Fortive companies which allows the Company to meet medium and long term funding requirements.

Interest rate risk

The Company finances its operations through a mixture of retained profits, and inter-company loans. Currently there are no such loans and accordingly this risk is minimised.

Credit risk

The Company's principal financial assets are cash and trade debtors. The principal credit risk arises therefore from its trade debtors. The impact associated with trade debtor risk is reduced through a broad customer base and significant management focus on aged debt.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

On behalf of the Board

R Lalovic
Director

Date: 11 August 2020

TRAFFICMASTER TRAFFIC SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

DIRECTORS

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

M Schwarz	(Resigned 20 August 2019)
R Lalovic	
R Lilwall	
C Blount	(Appointed 20 August 2019)

GOING CONCERN

Since the balance sheet date, the COVID-19 pandemic has spread across the world. At the time of approving these financial statements, it has had limited impact on the Company. Although income from new subscribers to services has fallen, this has been offset by increased demand from other customers for traffic data. This has resulted in a small marginal impact on performance, and accordingly the forecast for coming periods, covering at least 12 months from approval of the financial statements, has been adjusted to reflect the directors current expectations of the impact on results for the remainder of 2020 and future periods. Whilst there have been restrictions on staff movement the business has successfully adapted and is continuing to be able to service customers.

Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2020 full year impact cannot yet be known but the directors are confident that they have put in place measures to ensure the impact is mitigated as much as possible, with protection of staff, continued service delivery to customers and ongoing productivity maintained.

The circumstances of COVID-19 currently assessed as significant to the company are:

- Employees – The closure of our offices has led to employees working from home. This has been successfully achieved with little or no change in productivity;
- Customer Demand – An initial reduction in customer demand for new services is now beginning to reverse as economic activity begins to pick up and car dealerships re-open. Although it is anticipated this demand will grow only gradually, the loss of income has been offset by additional demand for traffic data arising from the pandemic.

The company is trading profitably, with significant cash balances, positive cash flow and a strong balance sheet. Based on the forecast cash flows of the company it is not expected that any additional funding will be required to meet liabilities as they fall due. The company continues to be profitable in 2020 during the pandemic.

After making due enquiries and considering the impact of COVID-19, cash balances held, forecasts over the remainder of 2020 and into 2021 and strength of the ultimate parent undertaking, Fortive Corporation, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of signing of these financial statements. Accordingly, the financial statements have been prepared on the going concern basis.

DIRECTORS' REPORT

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

AUDITOR

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

On behalf of the Board

R Lalovic

Director

Date: 11 August 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

TRAFFICMASTER TRAFFIC SERVICES LIMITED

Opinion

We have audited the financial statements of Trafficmaster Traffic Services Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter – effects of Covid-19

We draw attention to notes 2 and 16 of the financial statements, which describe the impact on the company of Covid-19 in its operations and assessment of going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

TRAFFICMASTER TRAFFIC SERVICES LIMITED

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst & Young LLP

Fraser Bull (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton
Date: 11 August 2020

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	2019 £000	2018 £000
TURNOVER	3	2,532	2,623
Cost of sales		(1,112)	(1,100)
GROSS PROFIT		1,420	1,523
Sales and Distribution costs		—	—
Administrative expenses		(1,404)	(1,526)
OPERATING PROFIT / (LOSS)	4	16	(3)
Interest receivable and similar income	6	2	4
Interest payable and similar charges	7	(6)	—
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		12	1
Tax (charge) / credit on profit / (loss) on ordinary activities	8	—	—
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION, AND TOTAL COMPREHENSIVE INCOME		12	1

The accompanying notes are an integral part of this statement of comprehensive income.

All activities derive from continuing operations.

TRAFFICMASTER TRAFFIC SERVICES LIMITED

Registered number 3666090

BALANCE SHEET
At 31 December 2019

	Note	2019 £000	2018 £000
CURRENT ASSETS			
Debtors			
- due within one year	9	810	825
Cash at bank and in hand		2,314	2,643
		3,124	3,468
CREDITORS: amounts falling due within one year	10	(1,904)	(2,273)
NET CURRENT ASSETS		1,220	1,195
TOTAL ASSETS LESS CURRENT LIABILITIES		1,220	1,195
CREDITORS: amounts falling due after more than one year	11	(482)	(469)
NET ASSETS		738	726
CAPITAL AND RESERVES			
Called up share capital	12	1,000	1,000
Share premium account		550	550
Profit and loss account		(812)	(824)
TOTAL SHAREHOLDERS' FUNDS		738	726

These financial statements were approved by the Board of Directors on 11 August 2020

Signed on behalf of the Board of Directors

R Lalovic

Director

The accompanying notes are an integral part of this balance sheet.

TRAFFICMASTER TRAFFIC SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Called-up share Capital £000	Share Premium account £000	Profit and loss account £000	Total Shareholders funds £000
At 1 January 2018	1,000	550	(825)	725
Profit and total comprehensive loss for the year	—	—	1	1
31 December 2018	1,000	550	(824)	726
Profit and total comprehensive income for the year	—	—	12	12
At 31 December 2019	1,000	550	(812)	738

The accompanying notes are an integral part of this statement of changes in equity.

NOTES TO THE ACCOUNTS
Year ended 31 December 2019

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS101

The financial statements of Trafficmaster Traffic Services Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the board of directors on 11 August 2020 and the balance sheet was signed on the board's behalf by Radomir Lalovic. Trafficmaster Traffic Services Limited is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of Trafficmaster Traffic Services Limited are included in the consolidated financial statements of Fortive Corporation which are available from 2200 Pennsylvania Avenue Suite 800 West, Washington DC 20037, USA.

The principal accounting policies adopted by the Company are set out in note 2.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

The Company has taken advantage of the following disclosure exemptions under FRS 101:
(a) the requirements of IFRS 7 *Financial Instruments: Disclosures;*
(b) the requirements of paragraphs 91-99 of IFRS *13 Fair Value Measurement*
(c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
   (i) paragraph 79(a)(iv) of IAS 1;
   (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
   (iii) paragraph 118(e) of IAS 38 *Intangible Assets;*
(d) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 111, and 134-136 of IAS 1 Presentation of Financial Statements;
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
(i) the requirements of paragraphs 130(f)(ii)-130(f)(iii)) of IAS 36 Impairment of Assets,

2.1 BASIS OF PREPARATION (CONTINUED)

COVID-19 and going concern

Since the balance sheet date, the COVID-19 pandemic has spread across the world. At the time of approving these financial statements, it has had limited impact on the Company. Although income from new subscribers to services has fallen, this has been offset by increased demand from other customers for traffic data. This has resulted in a small marginal impact on performance, and accordingly the forecast for coming periods, covering at least 12 months from approval of the financial statements, has been adjusted to reflect the directors current expectations of the impact on results for the remainder of 2020 and future periods. Whilst there have been restrictions on staff movement the business has successfully adapted and is continuing to be able to service customers.

The company is trading profitably, with significant cash balances, positive cash flow and a strong balance sheet. Based on the forecast cash flows of the company it is not expected that any additional funding will be required to meet liabilities as they fall due. The company continues to be profitable in 2020 during the pandemic.

After making due enquiries and considering the impact of COVID-19, cash balances held, forecasts over the remainder of 2020 and into 2021 and strength of the ultimate parent undertaking, Fortive Corporation, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of signing of these financial statements. Accordingly, the financial statements have been prepared on the going concern basis.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

There are no changes to IFRS effective in 2019 which have a material impact on Trafficmaster Traffic Services Limited.

2.3 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The directors are of the opinion that there are no significant judgements that have a material impact on the amounts recognised in the financial statements.

2.4 SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

The following criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Rendering of services
Revenue from service agreements is recognised over the period in which the services are rendered.

Interest income
Revenue is recognised as interest accrues using the effective interest method.

To the extent to which amounts are invoiced in advance of revenue recognised, this is recorded as deferred income within creditors.

Foreign currency

The company's financial statements are presented in sterling, which is also the company's functional currency. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the balance sheet date. All exchange differences are included in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme. The effect of the time value of money is not material and therefore these provisions are not disclosed.

Provision for liabilities

A provision is recognised when the Company has a 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.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.
Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised; and
- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset – recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income

There are no instruments which have been classified under this category.

(b) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business mode whose objective is to correct the contractual cash flows and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets

In accordance with IFRS 9, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For trade and other receivables, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Financial liabilities - recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities when entity becomes a party to the contract, as consequence it has legal obligation to deliver cash or exchange financial assets at terms which are unfavourable to entity.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities comprise of trade creditors, amounts owed to group undertakings and bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

(b) Loans and borrowings

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The company does not have any financial liabilities which are subsequently re-measured at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTES TO THE ACCOUNTS
Year ended 31 December 2019

3. TURNOVER AND SEGMENTAL INFORMATION

	2019 £000	2018 £000
Rendering of services	2,532	2,623
	2,532	2,623

	2019 £000	2018 £000
Turnover by destination		
United Kingdom	2,532	2,623
	2,532	2,623

No revenue was derived from the exchanges of goods or services (2018: £nil).

4. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after charging / (crediting):

	2019 £000	2018 £000
Auditors' remuneration	—	—

Auditor's remuneration is settled by Teletrac Navman (UK) Ltd, the immediate parent undertaking.

5. STAFF COSTS

(a) Staff costs

	2019 £000	2018 £000
Staff costs during the year		
Wages and salaries	64	92
Social security costs	6	9
Other pension costs	4	4
	74	105

	2019 No.	2018 No.
Average numbers of persons employed		
Sales and distribution	—	—
Service	2	4
	2	4

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2019

5. STAFF COSTS (CONTINUED)

(b) Directors' emoluments

The services of the directors are of a non-executive nature and their emoluments are deemed to be wholly attributable to their qualifying services to other current or past group companies as follows:

M Schwarz, R Lalovic, C Blount and Richard Lilwall – Teletrac Navman (UK) Ltd

Accordingly, these financial statements include no emoluments in respect of these directors (2018: £nil).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2019 £000	2018 £000
Bank interest receivable	—	-
Other similar income	2	4
	2	4

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2019 £000	2018 £000
Other finance charges	(6)	—
	(6)	—

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax charged to profit or loss in the statement of comprehensive income

	2019 £000	2018 £000
Current tax		
UK corporation tax at the standard rate of 19.00% (2018:19.00%)	—	—
Adjustment in respect of prior years	—	—
	—	—
Deferred tax		
Charge / (credit) to the profit and loss account	—	—
Adjustment in respect of prior periods	—	—
Adjustment in respect of change in tax rates	—	—
	—	—
Taxation charge / (credit) for the year	—	—

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

(b) Reconciliation of the total tax charge

The differences between the total current tax shown above and the amount calculated by applying the rate of UK corporation tax to the profit before tax are as follows:

	2019 £000	2018 £000
Profit / (loss) before tax	12	1
Tax on profit / (loss) on ordinary activities at standard UK corporation tax rate of 19.00% (2018: 19.00%)	2	—
Effects of:		
(Income not taxable)/Expenses not deductible for tax purposes	—	—
Use of tax losses brought forward not provided in deferred tax	(2)	(0)
Total taxation charge/(credit) for the year	—	—

(c) Change in Corporation Tax rate

A reduction in the rate of corporation tax to 17% (effective 1 April 2020) was enacted in 2016. The impact of any resulting changes to the valuation of unprovided deferred tax assets and liabilities is reflected within the financial statements.

In his budget of 2020, the Chancellor of the Exchequer proposed measures to hold the rate of corporation tax at 19%, effective 1 April 2020. The change was substantively enacted on 17 March 2020, after the balance sheet date, and therefore does not impact on the value of unprovided deferred tax assets and liabilities in the financial statements. However, the forecast impact would be a £4,000 increase in the value of the Company's unprovided deferred tax asset.

(d) Deferred tax

Deferred tax assets in relation to trade loses of £30,000 (2018:£32,000) have not been recognised as the company is not sufficiently certain that it will be able to recover these assets within a relatively short time period

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000	2018 £000
Trade debtors	395	418
Amounts owed by other group undertakings	—	—
Other debtors	189	222
Prepayments and accrued income	226	185
	810	825

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £000	2018 £000
Trade creditors	240	289
Amounts owed to other group undertakings	-	175
Accruals and deferred income	1,664	1,809
	1,904	2,273

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £000	2018 £000
Deferred income	482	469
Total creditors: amounts falling due after more than one year	482	469

12. CALLED UP SHARE CAPITAL

	2019 £000	2018 £000
Called up, allotted and fully paid		
500,000 "A" shares of £1 each (2015: 500,000)	500	500
500,000 "B" shares of £1 each (2015: 500,000)	500	500
	1,000	1,000

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

13. CONTINGENT LIABILITIES

An unlimited multi-lateral guarantee exists between all the United Kingdom based subsidiaries of Fortive Corporation and HSBC Bank plc. At 31 December 2019 there were no contingent liabilities as a result of these guarantees

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Teletrac Navman (UK) Ltd, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Fortive Corporation, a company incorporated in the USA.

The largest and smallest group in which the results of the company are consolidated is Fortive Corporation, a company incorporated in the USA. The consolidated financial statements of this group are available to the public and may be obtained from 6920 Seaway Blvd, Everett, WA 98203, USA.

15. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

16. POST BALANCE SHEET EVENTS

Since the balance sheet date, the COVID-19 pandemic has spread across the world. At the time of approving these financial statements, it has had limited impact on the Company. Although income from new subscribers to services has fallen, this has been offset by increased demand from other customers for traffic data. This has resulted in a small marginal impact on performance, and accordingly the forecast for coming periods, covering at least 12 months from approval of the financial statements, has been adjusted to reflect the directors current expectations of the impact on results for the remainder of 2020 and future periods. Whilst there have been restrictions on staff movement the business has successfully adapted and is continuing to be able to service customers.

Uncertainty as to the length of the pandemic and the related measures to combat it mean that the 2020 full year impact cannot yet be known but the directors are confident that they have put in place measures to ensure the impact is mitigated as much as possible, with protection of staff, continued service delivery to customers and ongoing productivity maintained.

The circumstances of COVID-19 currently assessed as significant to the company are:

- Employees – The closure of our offices has led to employees working from home. This has been successfully achieved with little or no change in productivity;
- Customer Demand – An initial reduction in customer demand for new services is now beginning to reverse as economic activity begins to pick up and car dealerships re-open. Although it is anticipated this demand will grow only gradually, the loss of income has been offset by additional demand for traffic data arising from the pandemic.