

Company Registration No. 3666090

**TRAFFICMASTER TRAFFIC SERVICES
LIMITED**

Report and Financial Statements

31 December 2017



TRAFFICMASTER TRAFFIC SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2017

CONTENTS	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities	4
Independent auditor's report	5
Statement of comprehensive income	7
Balance Sheet	8
Statement of changes in equity	9
Notes to the accounts	10

TRAFFICMASTER TRAFFIC SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2017

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Berman (Resigned 26 July 2018)
M Schwarz
R Lalovic
R Lilwall (Appointed 26 July 2018)

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

TRAFFICMASTER TRAFFIC SERVICES LIMITED

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 7. 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: 25 September 2018

TRAFFICMASTER TRAFFIC SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

DIRECTORS

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

M Schwarz

S Berman (Resigned 26 July 2018)

R Lalovic

R Lilwall (Appointed 26 July 2018)

GOING CONCERN

The company is part of one of the three multi-currency Fortive UK group cash pool arrangements. Within these cash pools, each company has entered into unlimited cross guarantees in respect of bank borrowings with fellow participating companies. Each company is also subject to an indemnity offered by Fortive Corporation for all participating companies (for the period during which they remain wholly owned subsidiaries of Fortive Corporation), such that any liability falling on the company as a result of the borrowings from the bank of any other party to the cash pool arrangement will be borne by Fortive Corporation in the event of default.

The group cash pool arrangement in the UK is also available if the company requires immediate access to cash funds to meet its liabilities as they fall due.

The cash position of the UK group as a whole is strong and therefore the company should have access to sufficient operating funds when necessary.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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: 25 September 2018

TRAFFICMASTER TRAFFIC SERVICES LIMITED

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 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 15, 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 2017 and of its result 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.

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFFICMASTER TRAFFIC SERVICES LIMITED

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.

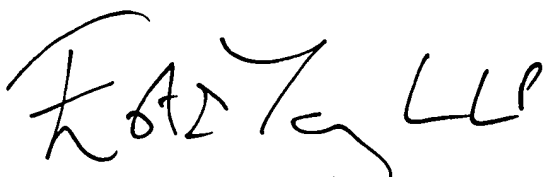
Auditor's responsibilities for the audit of the financial statements

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.



Fraser Bull (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: 26/09/2018

TRAFFICMASTER TRAFFIC SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2017

	Note	2017 £000	2016 £000
TURNOVER	3	2,579	2,709
Cost of sales		<u>(1,126)</u>	<u>(648)</u>
GROSS PROFIT		1,453	2,061
Sales and Distribution costs		—	—
Administrative expenses		<u>(1,467)</u>	<u>(2,091)</u>
OPERATING PROFIT / (LOSS)	4	(14)	(30)
Interest receivable and similar income	6	14	30
Interest payable and similar charges	7	<u>—</u>	<u>—</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		—	—
Tax (charge) / credit on profit / (loss) on ordinary activities	8	<u>—</u>	<u>—</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION, AND TOTAL COMPREHENSIVE INCOME		<u>—</u>	<u>—</u>

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 2017

	Note	2017 £000	2016 £000
CURRENT ASSETS			
Debtors			
- due within one year	9	1,792	1,070
Cash at bank and in hand		1,715	4,874
		3,507	5,944
CREDITORS: amounts falling due within one year	10	(2,190)	(4,666)
NET CURRENT ASSETS		1,317	1,278
TOTAL ASSETS LESS CURRENT LIABILITIES		1,317	1,278
CREDITORS: amounts falling due after more than one year	11	(592)	(553)
NET ASSETS		725	725
CAPITAL AND RESERVES			
Called up share capital	12	1,000	1,000
Share premium account		550	550
Profit and loss account		(825)	(825)
TOTAL SHAREHOLDERS' FUNDS		725	725

These financial statements were approved by the Board of Directors on 25 September 2018.

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 2017

	Note	Called-up share Capital £000	Share Premium account £000	Profit and loss account £000	Total Shareholders funds £000
At 1 January 2016		1,000	550	(825)	725
Profit and total comprehensive loss for the year		—	—	—	—
31 December 2016		1,000	550	(825)	725
Profit and total comprehensive income for the year		—	—	—	—
At 31 December 2017		1,000	550	(825)	725

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

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2017

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 2017 were authorised for issue by the board of directors on 25 September 2018 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 2017.

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*,

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2017

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

There are no changes to IFRS effective in 2017 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.

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2017**

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.

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.

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2017

Financial instruments

i) *Financial assets*

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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.

The Company's financial assets include cash and short-term deposits, trade and other receivables, including amounts due from other group entities.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. 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 revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

ii) *Financial liabilities*

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2017

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes 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 acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where 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 a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

iv) Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2017

3. TURNOVER AND SEGMENTAL INFORMATION

	2017 £000	2016 £000
Rendering of services	<u>2,579</u>	<u>2,709</u>
	<u>2,579</u>	<u>2,709</u>

	2017 £000	2016 £000
Turnover by destination		
United Kingdom	<u>2,579</u>	<u>2,709</u>
	<u>2,579</u>	<u>2,709</u>

No revenue was derived from the exchanges of goods or services (2016: £nil).

4. OPERATING PROFIT / (LOSS)

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

	2017 £000	2016 £000
Auditors' remuneration	<u>—</u>	<u>—</u>

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

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2017

5. STAFF COSTS

(a) Staff costs

	2017 £000	2016 £000
Staff costs during the year		
Wages and salaries	114	153
Social security costs	11	13
Other pension costs	5	6
	<u>130</u>	<u>172</u>

	2017 No.	2016 No.
Average numbers of persons employed		
Sales and distribution	—	—
Service	4	9
	<u>4</u>	<u>9</u>

(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, S Berman and R Lalovic – Teletrac Navman (UK) Ltd

Accordingly, these financial statements include no emoluments in respect of these directors (2016: £nil).

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2017

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £000	2016 £000
Bank interest receivable	—	4
Other similar income	14	26
	<u>14</u>	<u>30</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	2016 £000
Other finance charges	—	—
	<u>—</u>	<u>—</u>

8. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

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

	2017 £000	2016 £000
Current tax		
UK corporation tax at the standard rate of 19.25%/20.00%	—	—
Adjustment in respect of prior years	—	—
	<u>—</u>	<u>—</u>
Deferred tax		
Charge / (credit) to the profit and loss account	—	—
Adjustment in respect of prior periods	—	—
Adjustment in respect of change in tax rates	—	—
	<u>—</u>	<u>—</u>
Taxation charge / (credit) for the year	<u>—</u>	<u>—</u>

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2017

(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:

	2017 £000	2016 £000
Profit / (loss) before tax	—	—
Tax on profit / (loss) on ordinary activities at standard UK corporation tax rate of 19.25% (2016: 20.00%)	—	—
Effects of:		
(Income not taxable)/Expenses not deductible for tax purposes	—	—
Group relief surrendered for nil consideration	—	—
Total taxation charge/(credit) for the year	—	—

(c) Change in Corporation Tax rate

The tax rates to be used are those which have been enacted or substantively enacted by the balance sheet date. For UK tax rates, 'substantively enacted' means that the Act or other measure legislating that rate has passed through all stages of reading by the House of Commons. Finance No.2 Bill 2015 became substantively enacted on 26 October 2015, and as such the tax rate was reduced from 20% to 19% effective 1 April 2017 and to 18% effective 1 April 2020. It was announced in the 2016 Budget that the tax rate will further reduce to 17% from 1 April 2020 and substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Under FRS 101, deferred tax should be measured using the tax rates that are expected to apply to the reversal of the timing differences. As such, deferred tax has been calculated at 17%.

(d) Deferred tax

The deferred tax included in the company balance sheet is as follows:

	2017 £000	2016 £000
Deferred tax asset		
Fixed assets	—	—
Other timing differences	—	—
	—	—
Disclosed on the balance sheet		
Deferred tax asset	—	—
Deferred tax liability	—	—

Deferred tax assets in relation to trade losses of £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

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2017

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Trade debtors	1,355	435
Amounts owed by other group undertakings	—	—
Other debtors	115	283
Prepayments and accrued income	322	352
	<u>1,792</u>	<u>1,070</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Trade creditors	265	314
Amounts owed to other group undertakings	118	2,731
Accruals and deferred income	1,807	1,621
	<u>2,190</u>	<u>4,666</u>

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

	2017 £000	2016 £000
Deferred income	592	553
Total creditors: amounts falling due after more than one year	<u>592</u>	<u>553</u>

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2017

12. CALLED UP SHARE CAPITAL

	2017 £000	2016 £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
	<u>1,000</u>	<u>1,000</u>

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 2017 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.