

Company Registration No. 3666090

**TRAFFICMASTER TRAFFIC SERVICES
LIMITED**

Report and Financial Statements

31 December 2022

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TRAFFICMASTER TRAFFIC SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2022

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TRAFFICMASTER TRAFFIC SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2022

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C Blount
R Lalovic
M Savage

SECRETARY

R Lalovic

REGISTERED OFFICE

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

BANKERS

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

JP Morgan Chase Bank, National Association
25 Bank Street
Canary Warf
London
E14 5JP

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 during the year was 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 (2021: £nil).

FUTURE DEVELOPMENTS

Following a strategic review and in light of the market and business decline, the company ceased providing services on 31 March 2023. No future investments in the business are planned.

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 Europe based Vontier 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: 28 September 2023

TRAFFICMASTER TRAFFIC SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

DIRECTORS

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

R Lalovic

C Blount

M Savage

GOING CONCERN

It is the responsibility of the Directors to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. Following continued decline in the business and industry decline, the Company ceased operations on 31 March 2023. Following the cessation of operations the Directors will take appropriate steps to wind up the Company. The timescale is uncertain, but will be initiated as soon as practical.

The Directors are satisfied that the Company has adequate financial resources to satisfy any remaining liabilities for the period until it completely ceases operations, given that cash balances have been retained in the Company for this purpose.

In view of the cessation of operations, the Directors have adopted a basis other than going concern in preparing the financial statements. Adopting this basis has not had any impact on the accounting policies adopted by the Company nor in the presentation of the 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: 28 September 2023

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 United Kingdom 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 company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the company financial statements, state whether applicable UK Accounting Standards, including FRS 101, 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 appropriate to presume that the company will not 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 company 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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 2022 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 FRS 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 2022 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. 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 – financial statements prepared on a basis other than going concern

We draw attention to note 15 in the financial statements, which explains that the Company's activities have ceased subsequent to the year end, and the Directors intend to take appropriate action to wind up the Company and therefore do not consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 2. Our opinion is not modified in respect of this matter.

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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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

Opinions 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant to be those relating to United Kingdom Generally

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

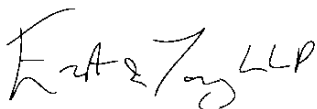
Accepted Accounting Practice, the Companies Act 2006, and United Kingdom direct and indirect tax regulations. In addition, the company must comply with operational and employment laws and regulations including animal health regulations, health and safety regulations, environmental regulations and GDPR.

- We understood how the Company is complying with those frameworks by making enquiries of senior finance personnel and those charged with governance and gaining an understanding of the entity level controls of the company in respect of these areas and the controls in place to reduce opportunity for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management, and those charged with governance to understand where it considered there was susceptibility to fraud. We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and gained an understanding as to how those procedures and controls are implemented and monitored.
- We determined there to be a risk of management override in relation to the posting of non-standard manual journals in respect of revenue. To address the risk of management override, we have used data analytics and obtained the entire population of journals for the year, and identified specific transactions for further investigation based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation.
- We also determined there to be a risk of improper revenue recognition through manipulation of the deferred revenue recognised. To address this risk, we have gained an understanding of the client's deferral and revenue recognition policy. We also performed year on year analysis of the deferred balances and have tested the deferred portions and the released amounts to the profit and loss accounts. For transactions selected for testing, we have agreed the details to underlying source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures included obtaining and reading board and management meeting minutes and relevant approval documents, enquiries of senior finance personnel and those charged with governance and agreement of samples of transactions throughout the audit to supporting source documentation.

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 28 September 2023

TRAFFICMASTER TRAFFIC SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2022

	Note	2022 £000	2021 £000
TURNOVER	3	1,500	1,767
Cost of sales		<u>(673)</u>	<u>(916)</u>
GROSS PROFIT		827	821
Sales and distribution costs		—	—
Administrative expenses		<u>(835)</u>	<u>(856)</u>
OPERATING (LOSS) / PROFIT	4	(8)	(35)
Interest receivable and similar income	6	<u>32</u>	<u>32</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		24	(3)
Tax (charge) on profit on ordinary activities	7	<u>(4)</u>	<u>—</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION, AND TOTAL COMPREHENSIVE INCOME		<u>20</u>	<u>(3)</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 2022

	Note	2022 £000	2021 £000
CURRENT ASSETS			
Debtors			
- due within one year	9	202	418
- due after more than one year	10	-	1,549
Cash at bank and in hand		<u>1,353</u>	<u>827</u>
		1,555	2,794
CREDITORS: amounts falling due within one year	11	<u>(621)</u>	<u>(1,729)</u>
NET CURRENT ASSETS		<u>934</u>	<u>1,065</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		934	1,065
CREDITORS: amounts falling due after more than one year	12	<u>-</u>	<u>(151)</u>
NET ASSETS		<u><u>934</u></u>	<u><u>914</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Share premium account		550	550
Profit and loss account		<u>(616)</u>	<u>(636)</u>
TOTAL SHAREHOLDERS' FUNDS		<u><u>934</u></u>	<u><u>914</u></u>

These financial statements were approved by the Board of Directors on 28 September 2023

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 2022

	Called-up share Capital £000	Share Premium account £000	Profit and loss account £000	Total Shareholders funds £000
At 1 January 2021	1,000	550	(633)	917
Loss and total comprehensive loss for the year	—	—	(3)	(3)
31 December 2021	1,000	550	(636)	914
Profit and total comprehensive income for the year	—	—	20	20
At 31 December 2022	1,000	550	(616)	934

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 2022

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 2022 were authorised for issue by the board of directors on 28 September 2023 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 is a private company limited by shares.

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 Vontier Corporation which are available from 5438 Wade Park Blvd, Suite 600, Raleigh, NC 27607, 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 2022.

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*,

Going concern

It is the responsibility of the Directors to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business. Following continued decline in the business and industry decline, the Company ceased operations on 31 March 2023. Following the cessation of operations the Directors will take appropriate steps to wind up the Company. The timescale is uncertain, but will be initiated as soon as practical.

The Directors are satisfied that the Company has adequate financial resources to satisfy any remaining liabilities for the period until it completely ceases operations, given that cash balances have been retained in the Company for this purpose.

In view of the cessation of operations, the Directors have adopted a basis other than going concern in preparing the financial statements. Adopting this basis has not had any impact on the accounting policies adopted by the Company nor in the presentation of the financial statements.

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2022

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

There are no changes to IFRS effective in 2022 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.

All the Company's sales derive from the provision of services. A major part of these sales is for licences enabling customers to access live traffic information. Revenue from these licence sales is recognised over a two year period. To the extent to which amounts are invoiced in advance of revenue recognised, this is recorded as deferred income within creditors.

The Company also sells historic traffic information which is recognised when the delivery of such data takes place

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.

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2022

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2022

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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.

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.

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2022

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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.

3. TURNOVER AND SEGMENTAL INFORMATION

	2022 £000	2021 £000
Rendering of services	1,500	1,767
	<u>1,500</u>	<u>1,767</u>
	2022 £000	2021 £000
Turnover by destination		
United Kingdom	1,500	1,767
	<u>1,500</u>	<u>1,767</u>

No revenue was derived from the exchanges of goods or services (2021: £nil).

4. OPERATING PROFIT

Operating profit is stated after charging / (crediting):

	2022 £000	2021 £000
Management Fees	835	855
Auditors' remuneration	—	—

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

5. STAFF COSTS

(a) Staff costs

	2022 £000	2021 £000
Staff costs during the year		
Wages and salaries	129	175
Social security costs	9	13
Other pension costs	5	10
	<u>143</u>	<u>198</u>

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2022

5. STAFF COSTS (CONTINUED)

	2022 No.	2021 No.
Average numbers of persons employed		
Sales and distribution	—	—
Service	5	9
	<u>5</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:

R Lalovic, C Blount and M Savage – Teletrac Navman (UK) Ltd

Accordingly, these financial statements include no emoluments in respect of these directors (2021: £nil).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £000	2021 £000
Bank interest receivable	6	—
Other interest receivable	26	32
	<u>32</u>	<u>32</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) The tax charge comprises

	2022 £000	2021 £000
Current tax		
UK corporation tax at the standard rate of 19.00% (2021:19.00%)	4	—
Adjustment in respect of prior years	—	—
Total current tax	<u>4</u>	<u>—</u>
Deferred tax		
Charge for current year	—	—
Adjustment in respect of prior periods	—	—
Adjustment in respect of change in tax rates	—	—
Total deferred tax	<u>—</u>	<u>—</u>
Taxation charge / (credit) for the year	<u>4</u>	<u>—</u>

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2022

7. 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:

	2022 £000	2021 £000
Profit/(loss) before tax	<u>24</u>	<u>(3)</u>
Corporation tax at the standard rate of 19% (2021: 19%)	4	—
Effects of:		
Use of tax losses brought forward not provided in deferred tax	<u>—</u>	<u>—</u>
Total taxation charge/(credit) for the year	<u>4</u>	<u>—</u>

(c) Change in Corporation Tax rate

In the March 2021 Budget, the UK Government announced that legislation would be introduced in the Finance Bill 2021 to increase the main rate of UK Corporation Tax from 19% to 25%, effective from 1 April 2023. The new legislation was substantively enacted in May 2021 and was fully enacted on 10 June 2021. For companies with small taxable profits, a small profits rate and marginal relief will be introduced at the same time, such that a rate of between 19% and 25% will apply to those companies from 1 April 2023. Under FRS 101, deferred tax should be calculated at the tax rate that has been substantively enacted at the balance sheet date and that is expected to apply in periods in which the temporary differences are expected to reverse. Therefore, technically speaking, the reversal of the temporary differences should be scheduled, and the appropriate tax rate (19% or 25%) applied to the reversals in order to calculate deferred tax.

For simplicity, and on the assumption that any differences arising from recognising deferred tax at different rates would be immaterial, the tax disclosures have calculated all deferred tax assets and liabilities at 25%.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £000	2021 £000
Trade debtors	15	236
Other debtors	174	109
Prepayments and accrued income	<u>13</u>	<u>73</u>
	<u>202</u>	<u>418</u>

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2022

9. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£000	£000
Intercompany loan	—	1,549
	<u>—</u>	<u>1,549</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£000	£000
Trade creditors	302	284
Amounts owed to other group undertakings	13	80
Accruals and deferred income	302	1,328
Other creditors	4	37
	<u>621</u>	<u>1,729</u>

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

	2022	2021
	£000	£000
Deferred Income	—	151
	<u>—</u>	<u>151</u>

12. CALLED UP SHARE CAPITAL

	2022	2021
	£000	£000
Called up, allotted and fully paid		
500,000 "A" shares of £1 each (2021: 500,000)	500	500
500,000 "B" shares of £1 each (2021: 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. 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 Vontier Corporation, a company incorporated in the USA.

The largest and smallest group in which the results of the company are consolidated is Vontier Corporation, a company incorporated in the USA. The consolidated financial statements of this group are available to the public and may be obtained from 5438 Wade Park Blvd, Suite 600, Raleigh, NC 27607, USA.

TRAFFICMASTER TRAFFIC SERVICES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2022

14. 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 of Vontier Corporation.

15. POST BALANCE SHEET EVENTS

Following a strategic review and in light of the market and business decline, the company ceased providing services on 31 March 2023. No future investments in the business are planned.

Following the cessation of operations the Directors will take appropriate steps to wind up the Company. The timescale is uncertain, but will be initiated as soon as practical.