

RAC Trafficmaster Telematics Limited

Directors' report and financial statements

For the period to 31 December 1999

Registered Number 3666090



Directors' report and financial statements

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Company information

Registered Number

3666090

Registered Office

Marlborough Court
Sunrise Parkway
Linford Wood
Milton Keynes
MK14 6DX

Auditors

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

Bankers

Barclays Bank PLC
11 Bank Court
Hemel Hempsted
HP1 1BX

Directors' report

The directors present their first report and the audited financial statements for the period ended 31 December 1999.

Principal activities

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

Business review

The company was incorporated on 11 November 1998 as Dailyhouse Limited. On 25 January 1999 the name of the company was changed to RAC Trafficmaster Telematics Limited. Good progress has been made during the period which included the start up of the company. The results for the period are shown on page 6.

Results

The results for the period are set out on the Profit and Loss Account on page 6. These show a loss of £158,000 after tax on turnover of £1,640,000. The directors do not recommend that a dividend be paid.

Year 2000

The board is pleased to state that both over the millennium period and in the following months up to date of this report, no material adverse business issues have been apparent as a result of the millennium date change. The board notes, however, that even at this stage it is not possible for any organisation to guarantee that all issues concerning the millennium date change have been identified and, accordingly, the board remains vigilant for any residual risk.

Introduction of the Single European Currency

The directors have considered the impact of the introduction of the Euro on the business. They do not anticipate that the company will incur any material costs as the result of the introduction of any modifications which are necessary as the result of the introduction of the Euro.

Directors and directors' interests

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

| | |
|-----------------------|---|
| Instant Companies Ltd | (appointed 11/11/1998, resigned 07/12/1999) |
| M J Culley | (appointed 07/12/1998, resigned 21/01/1999) |
| L A Jones | (appointed 07/12/1998, resigned 21/01/1999) |
| D K Martell | (appointed 21/01/1999) |
| W F McIntosh | (appointed 21/01/1999) |
| A Miller | (appointed 21/01/1999, resigned 30/07/1999) |
| N A Johnson | (appointed 21/01/1999, resigned 30/07/1999) |
| T P Eales | (appointed 02/09/1999) |
| F M Caldwell | (appointed 02/09/1999) |
| G J Potts | (appointed 02/09/1999) |

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

Directors' report *(continued)*

Political and charitable contributions

The company made no political or charitable contributions during the period.

Auditors

KPMG Audit Plc were appointed as the first auditors of the company during the period. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the board



W. McIntosh
Company Secretary

Date : 5 May 2000

Marlborough Court
Sunrise Parkway
Linford Wood
Milton Keynes
MK14 6DX

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors' report to the members of RAC Trafficmaster Telematics Limited

We have audited the financial statements on pages 6 to 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
*Chartered Accountants
Registered Auditors*

1 August 2000

Profit and loss account
for the period ended 31 December 1999

| | <i>Note</i> | 1999 £000 |
|---|-------------|----------------------------|
| Turnover | | 1,640 |
| Cost of sales | | (1,232) |
| Gross profit | | 408 |
| Administrative expenses | | (601) |
| Operating profit | | (193) |
| Interest receivable | 2 | 35 |
| Loss on ordinary activities before taxation | 3 | (158) |
| Tax on loss on ordinary activities | | - |
| Retained profit/(loss) for the period after taxation | | (158) |

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

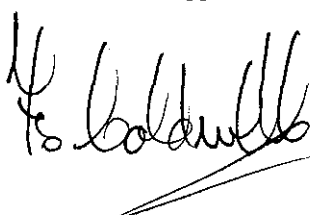
The results are derived from continuing operations.

Balance sheet
as at 31 December 1999

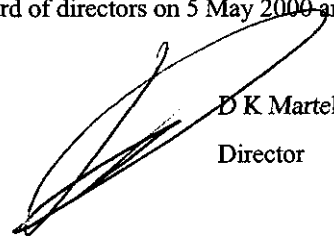
| | <i>Note</i> | 1999 £000 |
|--|-------------|----------------------|
| Fixed assets | | |
| Tangible assets | 6 | 12 |
| | | <hr/> 12 |
| Current assets | | |
| Debtors | 7 | 194 |
| Cash at bank and in hand | | 793 |
| | | <hr/> 987 |
| Creditors: amounts falling due within one year | 8 | (157) |
| | | <hr/> 830 |
| Net current assets | | |
| | | <hr/> 842 |
| Net assets | | <hr/> <hr/> 842 |
| Capital and reserves | | |
| Called up share capital | 9 | 1,000 |
| Profit and loss account | 10 | (158) |
| | | <hr/> 842 |
| Equity shareholders' funds | | <hr/> <hr/> 842 |

These financial statements were approved by the board of directors on 5 May 2000 and were signed on its behalf by:

F M Caldwell
 Director



D K Martell
 Director



Reconciliation of movements in shareholders' funds
for the period ended 31 December 1999

| | 1999 |
|--|-------------|
| | £000 |
| Loss for the period after taxation | (158) |
| Share capital subscribed | 1,000 |
| | <hr/> |
| Net addition to shareholders' funds | 842 |
| Opening shareholders' funds | - |
| | <hr/> |
| Closing shareholders' funds | 842 |
| | <hr/> <hr/> |

Notes (forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

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

Fixed assets and depreciation

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

| | | |
|-----------------------------------|---|------------------------------|
| Leases and leasehold improvements | - | Over the period of the lease |
| Motor Vehicles | - | 4 years |
| Fixture & Fittings | - | 5 years |
| Computers | - | 3 years |

Operating leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Rentals under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

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

2 Interest receivable

| | 1999 £000 |
|---------------|----------------|
| Bank interest | 35 |
| | <hr/> 35 <hr/> |

3 Profit on ordinary activities before taxation for the period ended 31 December 1999 is stated after charging

| | 1999 £000 |
|---|--------------|
| Auditors' remuneration: | |
| Audit | 2 |
| Depreciation and other amounts written off tangible fixed assets: | 2 |

4 Staff numbers and costs for the period ended 31 December 1999

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

| | Number of employees 1999 |
|----------------|-----------------------------|
| Administration | 1 |
| | <hr/> 1 <hr/> |

Notes (continued)

The aggregate payroll costs of these persons were as follows:

| | 1999 £000 |
|-----------------------------------|----------------------------|
| Wages and salaries | 9 |
| Social security and pension costs | - |
| | <hr/> 9 <hr/> |

5 Taxation for the period ended 31 December 1999

| | 1999 £000 |
|---|----------------------------|
| UK corporation tax at 20.25 % (1998 at 21%) | - |
| | <hr/> - <hr/> |

Notes (continued)

6 Tangible fixed assets

| | Motor Vehicles |
|--------------------------|---------------------------|
| | £000 |
| <i>At Cost:</i> | |
| At beginning of the year | - |
| Additions | 14 |
| Disposals | - |
| | <hr/> |
| At 31 December 1999 | 14 |
| | <hr/> |
| <i>Depreciation</i> | |
| At beginning of year | - |
| Charge for year | 2 |
| On disposals | - |
| | <hr/> |
| At 31 December 1999 | 2 |
| | <hr/> |
| <i>Net book value</i> | |
| At 31 December 1999 | 12 |
| | <hr/> <hr/> |

7 Debtors

| | 1999 £000 |
|--------------------------------------|----------------------|
| Trade debtors | 79 |
| Amounts owed by associated companies | 90 |
| Prepayments and accruals | 25 |
| | <hr/> |
| | 194 |
| | <hr/> <hr/> |

Notes (continued)

8 Creditors: amounts falling due within one year

| | 1999 £000 |
|--------------------------------------|------------------------|
| Trade creditors | 43 |
| Amounts owed to associated companies | 49 |
| Taxation and social security | 28 |
| Accruals and deferred income | 37 |
| | <hr/> 157 <hr/> |

9 Called up share capital

| | 1999 £000 |
|---|--------------------------|
| <i>Authorised</i> | |
| 500,000 "A" shares of £1.00 each | 500 |
| 500,000 "B" shares of £1.00 each | 500 |
| | <hr/> 1,000 <hr/> |
| <i>Allotted, called up and fully paid</i> | |
| 500,000 "A" shares of £1.00 each | 500 |
| 500,000 "B" shares of £1.00 each | 500 |
| | <hr/> 1,000 <hr/> |

The company was formed with an initial authorised share capital of 1,000 ordinary shares of £1.00 each of which 2 shares were allotted upon incorporation. On 7 December 1998, the authorised share capital was increased to 1,000,000 ordinary shares of £1 each and subsequently re-designated into 500,000 "A" shares and 500,000 "B" shares. On 21 January 1999 further 499,999 "A" shares and 499,999 "B" shares were issued at par.

Notes *(continued)*

10 Reserves

| | Profit and Loss £000 |
|--------------------------------|-------------------------------------|
| At the beginning of the period | - |
| Loss for the period | (158) |
| | <hr/> |
| At 31 December 1999 | (158) |
| | <hr/> <hr/> |

11 Related party disclosures

The company is a joint venture between RAC Motoring Services Limited and Trafficmaster Plc. During the year management and information fees were invoiced by Trafficmaster Plc amounting to £458,333.

The company has invoiced management charges to RAC Motoring Services Limited amounting to £118,650.