

Parkeon Limited

Report and Financial Statements

31 December 2004



Parkeon Limited

Registered No: 4869035

Directors

J E M Lindeman
Y E J Chambeau
R M Barnes

Secretary

S Horton

Auditors

Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

Bankers

National Westminster Bank Plc
503 Ringwood Road
Ferndown
Dorset
BH22 9BL

Registered office

Membrain House
Cobham Road
Ferndown Industrial Estate
Wimborne
Dorset
BH21 7PP

Directors' report

The directors present their report and financial statements for the period from incorporation on 18 August 2003 to 31 December 2004.

Results and dividends

The loss for the period amounted to £550,000. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the period was the installation and maintenance of parking meters and off street parking machines.

The company was incorporated on 18th August 2003 as Hackremco (no 2077) Limited for the purpose of acquiring the business of the SchlumbergerSema E-City UK division from Schlumberger UK Limited on 31st October 2003. The company in the meantime changed its name to Parcopole UK Limited on 1st October 2003. The company commenced trading on 1st November 2003 and subsequently changed its name to Parkeon Limited on 28th November 2003.

These accounts represent the activity of Parkeon Limited for the first fourteen months of trading following divestiture of the global parking equipment businesses of Schlumberger. As the E-City business of Schlumberger, we established a strong presence in the UK. We are delighted to continue to grow our parking equipment business under the name of Parkeon Limited. We continue to provide quality parking equipment and services to a wide variety of parking operators and public and private authorities.

Directors

The directors who served the company during the period were as follows:

J E M Lindeman	(appointed 20 November 2003)
Y E J Chambeau	(appointed 20 November 2003)
R M Barnes	(appointed 20 November 2003)
Hackwood Directors Limited	(served from 18 August 2003 to 8 October 2003)
B J C Pivin	(served from 8 October 2003 to 20 November 2003)

There are no directors' interests requiring disclosure under the Companies Act 1985.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



S Horton
Secretary

12/09/2005

Statement of directors' responsibilities in respect of the financial statements

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 of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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 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 auditors' report

to the members of Parkeon Limited

We have audited the company's financial statements for the period ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Independent auditors' report
to the members of Parkeon Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Southampton

19 September 2005

Profit and loss account

for the period from 18 August 2003 to 31 December 2004

		<i>Period from 18 Aug 03 to 31 Dec 04</i>
	<i>Notes</i>	<i>£000</i>
Turnover	2	11,446
Cost of sales		9,832
Gross profit		1,614
Administrative expenses		2,057
Operating loss	3	(443)
Interest payable and similar charges	6	107
Loss on ordinary activities before taxation		(550)
Tax on loss on ordinary activities	7	—
Loss for the financial period		(550)

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £550,000 attributable to the shareholders for the period ended 31 December 2004.

Balance sheet at 31 December 2004

	Notes	31 Dec 04 £000
Fixed assets		
Intangible assets	8	2,940
Tangible assets	9	107
		<u>3,047</u>
Current assets		
Stocks	10	623
Debtors	11	1,627
Cash at bank		146
		<u>2,396</u>
Creditors: amounts falling due within one year	12	3,142
Net current liabilities		<u>(746)</u>
Total assets less current liabilities		<u>2,301</u>
Creditors: amounts falling due after more than one year	13	1,250
		<u>1,051</u>
Capital and reserves		
Called up share capital	17	1,601
Profit and loss account	18	(550)
Equity shareholders' funds	18	<u>1,051</u>



R M Barnes
Director

12/09/ 2005

Notes to the financial statements

at 31 December 2004

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classed as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Parking Equipment	-	over length of contract
Equipment	-	over 5 years
Computer Equipment	-	over 3 years
Computer Software	-	over 3 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 December 2004

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

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.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

The turnover and pre-tax profit is attributable to one continuing activity, the installation and maintenance of parking meters and off street parking machines, and is derived entirely from the United Kingdom.

3. Operating loss

This is stated after charging/(crediting):

	<i>Period from 18 Aug 03 to 31 Dec 04 £000</i>
Auditors' remuneration - audit services	25
- non-audit services	6
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Depreciation of owned fixed assets	86
Amortisation	390
	<hr/>
	476
	<hr/>
Operating lease rentals - plant and machinery	182
Net profit on foreign currency translation	(41)
Research and development	151
Rental income	(252)
	<hr/>

Notes to the financial statements

at 31 December 2004

4. Staff costs

	<i>Period from 18 Aug 03 to 31 Dec 04 £000</i>
Wages and salaries	1,953
Social security costs	207
Other pension costs (note 14)	118
	<u>2,278</u>

The monthly average number of employees during the period was as follows:

	<i>Period from 18 Aug 03 to 31 Dec 04 No.</i>
Sales staff	10
Engineering & maintenance staff	37
Management & administration staff	5
	<u>52</u>

5. Directors' emoluments

	<i>Period from 18 Aug 03 to 31 Dec 04 £000</i>
Emoluments	<u>91</u>
Value of company pension contributions to money purchase schemes	<u>17</u>

	<i>Period from 18 Aug 03 to 31 Dec 04 No.</i>
Members of money purchase pension schemes	<u>1</u>

6. Interest payable and similar charges

	<i>Period from 18 Aug 03 to 31 Dec 04 £000</i>
Interest on parent company loan	<u>107</u>

Notes to the financial statements

at 31 December 2004

7. Taxation on ordinary activities

(a) Tax on loss on ordinary activities

There is no tax charge in the current year.

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are reconciled below:

	<i>Period from 18 Aug 03 to 31 Dec 04 £000</i>
Loss on ordinary activities before taxation	(550)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(165)
Expenses not deductible for tax purposes	12
Depreciation in excess of capital allowances	26
Other timing differences	5
Unrelieved tax losses carried forward	122
Total current tax (note 7(a))	-

(c) Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	<i>Period from 18 Aug 03 to 31 Dec 04 £000</i>
Capital allowances in advance of depreciation	26
Tax losses available	122
Other timing differences	5
	153

Notes to the financial statements

at 31 December 2004

8. Intangible fixed assets

	<i>Goodwill £000</i>
Cost:	
Acquisition of business	3,330
At 31 December 2004	<u>3,330</u>
Amortisation:	
Provided during the period	390
At 31 December 2004	<u>390</u>
Net book value:	
At 31 December 2004	<u>2,940</u>

The goodwill arose on the acquisition of the SchlumbergerSema E-City UK division from Schlumberger UK Limited on 31st October 2003. The goodwill is being amortised over 10 years using the straight line method.

Analysis of the acquisition:

	<i>Book value £000</i>	<i>Adjustments £000</i>	<i>Fair value £000</i>
Fixed assets (note 9)	192	-	192
Stock	348	118	466
Debtors	2,159	-	2,159
Creditors due less than 1 year	(2,144)	-	(2,144)
Net assets	<u>555</u>	<u>118</u>	<u>673</u>
Goodwill arising on acquisition			3,330
Total consideration			<u>4,003</u>
Discharged by:			
Shareholders loan			2,402
Cash			1,601
			<u>4,003</u>

The adjustment to book values comprises an increase to the stock balance following a revenue recognition amendment.

Notes to the financial statements

at 31 December 2004

9. Tangible fixed assets

	<i>Computer Equipment £000</i>	<i>Parking Equipment £000</i>	<i>Equipment £000</i>	<i>Computer Software £000</i>	<i>Total £000</i>
Cost:					
Acquisition of business (note 8)	23	160	1	8	192
Additions	–	–	3	–	3
Disposals	(2)	–	–	–	(2)
At 31 December 2004	<u>21</u>	<u>160</u>	<u>4</u>	<u>8</u>	<u>193</u>
Depreciation:					
Provided during the period	15	64	2	5	86
At 31 December 2004	<u>15</u>	<u>64</u>	<u>2</u>	<u>5</u>	<u>86</u>
Net book value:					
At 31 December 2004	<u>6</u>	<u>96</u>	<u>2</u>	<u>3</u>	<u>107</u>

10. Stocks

	<i>31 Dec 04 £000</i>
Parking machines	327
Spares	296
	<u>623</u>

11. Debtors

	<i>31 Dec 04 £000</i>
Trade debtors	1,461
Prepayments and accrued income	67
Unbilled revenue	99
	<u>1,627</u>

12. Creditors: amounts falling due within one year

	<i>31 Dec 04 £000</i>
Trade creditors	125
Amounts owed to group undertakings	837
Other taxation and social security	295
Other creditors	391
Accruals and deferred income	1,494
	<u>3,142</u>

Notes to the financial statements

at 31 December 2004

13. Creditors: amounts falling due after more than one year

31 Dec 04
£000

Amounts owed to group undertakings	1,250
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The above balance consists of a loan due to the parent undertaking. The original amount of the loan was £2,402,000 (£3,480,000) and the loan is being repaid on an ad-hoc basis. The terms of the loan state that the loan is repayable on 31st October 2008.

14. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £118,000 for the period. There were outstanding contributions payable to the fund of £15,000 at the period end.

15. Commitments under operating leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below:

Assets other than land and buildings
£000

Operating leases which expire:

Within one year	33
In two to five years	122
	<u>155</u>

16. Related party transactions

The company is a wholly owned subsidiary of Parkeon SAS, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Parkeon Group.

17. Share capital

Authorised
31 Dec 04
£000

Ordinary shares of €1 each	1,601
Ordinary shares of £1 each	—
	<u>1,601</u>

Allotted, called up and fully paid
No. £000

Ordinary shares of €1 each	2,320,000	1,601
Ordinary shares of £1 each	1	—
		<u>1,601</u>

The above €1 shares have been translated at the prevailing rate on the date of acquisition.

During the period 2,320,000 ordinary shares of €1 each and one ordinary share of £1 were issued at par for cash.

Notes to the financial statements

at 31 December 2004

18. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £000	<i>Profit and loss account</i> £000	<i>Total share- holders' funds</i> £000
On incorporation	-	-	-
Loss for the period	-	(550)	(550)
Other movements			
New equity share capital subscribed	1,601	-	1,601
At 31 December 2004	<u>1,601</u>	<u>(550)</u>	<u>1,051</u>

19. Ultimate parent company

The company is a wholly owned subsidiary undertaking of Parkeon SAS, a company incorporated in France.

The smallest and largest group in which the company's results are consolidated is that headed by Parkeon SAS. The consolidated accounts of Parkeon SAS are available to the public and may be obtained from:

Le Barjac, 1 Boulevard Victor, 75015 Paris, France.