

# **INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED**

## **THE DIRECTORS' REPORT**

**PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

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### **COMPANY REGISTRATION NUMBER 3258799**

The directors present their report and the audited financial statements of the company for the period from 1 October 1997 to 31 March 1999.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was the provision of traffic information.

The company was acquired by ITIS Holdings plc through a share for share exchange on 20 November 1997.

### **RESULTS AND DIVIDENDS**

The trading results for the period, and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

### **THE DIRECTORS**

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

S.A. Marks  
C.F. Shayler  
N B D Simmons  
S Kohli

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the accounts of the parent company.

### **POLICY ON THE PAYMENT OF CREDITORS**

The company undertakes to make payments to suppliers for goods and services supplied within the normal credit periods agreed with those suppliers. The proportion of trade creditors at the period end to amounts supplied during the period gives an average payment term of 50 days.

### **DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the period and of the profit or loss for the period then ended.



# **INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

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### **DIRECTORS' RESPONSIBILITIES** *(continued)*

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. The directors 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. The responsibility for safeguarding the assets of the company also includes the responsibility for assessing the likely impact of and disruption to the company's activities of any system malfunction which may arise as a result of the Year 2000 computer issue and hence for taking all corrective actions which may be necessary to minimise any potential disruption to the company's activities.

### **YEAR 2000**

Many computer and digital storage systems express dates using only the last two digits for the year. As a result they will require modification or replacement to accommodate dates in the year 2000 and beyond, and in some cases, dates in 1999. If not addressed, systems failures may ensue, with potentially serious implications for the ability of an organisation to continue its activities.

The company has been in the process of assessing the likely impact on it of the issue. This assessment includes both the company's own systems, and those of its key customers and suppliers. Action plans are being implemented to ensure any problems so far as can be reasonably foreseen, are identified and addressed in advance of critical dates to minimise the risk of disruption to the company's activities.

The complexity of the Year 2000 issue is such that it is not possible for any organisation to give an absolute guarantee that no problems will remain. However, the company believes that it will achieve an acceptable level of readiness and will have contingency plans in place to deal with failures or other issues that may arise subsequently.

The company has an ongoing programme of upgrading and enhancing its computerised systems. The Year 2000 issue is being dealt with as part of this programme and as such it is not practical to separately identify costs specifically associated with this issue.

### **AUDITORS**

Casson Beckman have changed their name to Cassons and have signed the auditors report in the new name. A resolution to re-appoint Cassons as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

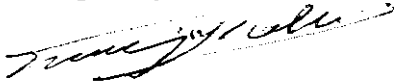
**INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED**

**THE DIRECTORS' REPORT** *(continued)*

**PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

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Signed by order of the directors



S Kohli  
Company Secretary

Approved on 16 August 1999

# **INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED**

## **AUDITORS' REPORT TO THE SHAREHOLDERS**

**PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

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We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

### **RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

As described on pages 1 to 2, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **BASIS OF 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, 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 company's state of affairs as at 31 March 1999 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

16<sup>th</sup> August 1999



**Cassons**  
*Chartered Accountants  
& Registered Auditors*  
Bow Chambers  
8 Tib Lane  
Manchester  
M2 4JB

**INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED****PROFIT AND LOSS ACCOUNT****PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

		Period from 1 Oct 97 to 31 Mar 99 £	Period from 3 Oct 96 to 30 Sep 97 £
	Note		
<b>TURNOVER</b>		41,933	9,000
Cost of sales		84,047	7,313
<b>GROSS (LOSS)/PROFIT</b>		(42,114)	1,687
Distribution costs		305,003	294
Administration expenses		653,940	18,184
Other operating income		(2,183)	-
<b>OPERATING LOSS</b>	2	(998,874)	(16,791)
Interest payable	5	(15,531)	(205)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,014,405)	(16,996)
Tax on loss on ordinary activities	6	-	-
<b>LOSS FOR THE FINANCIAL PERIOD</b>		(1,014,405)	(16,996)
Profit and loss account brought forward		(16,996)	-
Profit and loss account carried forward		<u>(1,031,401)</u>	<u>(16,996)</u>

The company has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the company are classed as continuing.

# INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED

PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999

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## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Period from 1 Oct 97 to 31 Mar 99 £	£	Period from 3 Oct 96 to 30 Sep 97 £	£
Loss for the financial period	(1,014,405)		(16,996)	
New equity share capital subscribed	100		100	
Net reduction to shareholders' funds	(1,014,305)		(16,896)	
Opening shareholders' funds	(16,896)		-	
Closing shareholders' funds	(1,031,201)		(16,896)	

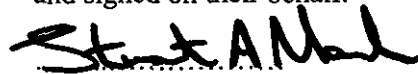
# INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED

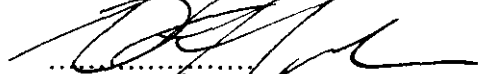
## BALANCE SHEET

31 MARCH 1999

	Note	31 Mar 99 £	£	30 Sep 97 £	£
<b>FIXED ASSETS</b>					
Intangible assets	7		818,507		114,692
Tangible assets	8		94,688		4,622
			<u>913,195</u>		<u>119,314</u>
<b>CURRENT ASSETS</b>					
Debtors due within one year	9	411,863		11,863	
Cash at bank and in hand		<u>48,338</u>		<u>103</u>	
		460,201		11,966	
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>(2,404,597)</u>		<u>(148,176)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,944,396)</u>		<u>(136,210)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(1,031,201)</u>		<u>(16,896)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		200		100
Profit and loss account			<u>(1,031,401)</u>		<u>(16,996)</u>
<b>EQUITY SHAREHOLDERS' DEFICIENCY</b>			<u>(1,031,201)</u>		<u>(16,896)</u>

The financial statements were approved by the directors on 16<sup>th</sup> August 1999 and signed on their behalf.

  
S.A.Marks

  
C.F.Shayler

**INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED****CASH FLOW STATEMENT****PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

	Note	Period from 1 Oct 97 to 31 Mar 99 £	£	Period from 3 Oct 96 to 30 Sep 97 £	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	16		894,060		48,444
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
Interest paid		(15,531)		(205)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(15,531)		(205)
<b>CAPITAL EXPENDITURE</b>					
Payments to acquire intangible fixed assets		(703,815)		-	
Payments to acquire tangible fixed assets		(118,574)		(5,545)	
<b>Net cash outflow from capital expenditure</b>			(822,389)		(5,545)
<b>Cash inflow before financing</b>			56,140		42,694
<b>FINANCING</b>					
Issue of equity share capital		100		100	
<b>Net cash inflow from financing</b>			100		100
<b>INCREASE IN CASH</b>	17		56,240		42,794



# INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999

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### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

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

#### **Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

#### **Development costs**

Development costs have been capitalised and will be amortised over the useful life of the future projects.

#### **Tangible fixed assets**

Depreciation is provided on cost in annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold Improvements	-	20% per annum on cost
Plant & Machinery	-	20% per annum on cost
Fixtures & Fittings	-	20% per annum on cost
Equipment	-	20% per annum on cost

#### **Operating lease agreements**

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the lease term.

#### **Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Provision is made to the extent that it is probable that a liability or asset will crystallise in the foreseeable future. However no provision is necessary in these financial statements.

**INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

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**2. OPERATING LOSS**

Operating loss is stated after charging:

	Period from 1 Oct 97 to 31 Mar 99 £	Period from 3 Oct 96 to 30 Sep 97 £
Depreciation of tangible fixed assets	28,508	923
Auditors' remuneration		
- as auditors	4,000	835
- for other services	2,465	-
Other operating leases	48,565	370
Hire of plant and machinery	48,541	1,403

**Auditors' fees**

The fees charged by the auditors can be further analysed under the following headings for services rendered:

	Period from 1 Oct 97 to 31 Mar 99 £	Period from 3 Oct 96 to 30 Sep 97 £
Audit	4,000	835
Accountancy	1,465	-
Business consultancy	1,000	-
	6,465	835

**INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

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**3. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial period amounted to:

	Period from 1 Oct 97 to 31 Mar 99 No.	Period from 3 Oct 96 to 30 Sep 97 No.
Number of production staff	24	-
Number of distribution staff	3	-
Number of administrative staff	4	-
Number of management staff	4	2
	<u>35</u>	<u>2</u>

The aggregate payroll costs of the above were:

	Period from 1 Oct 97 to 31 Mar 99 £	Period from 3 Oct 96 to 30 Sep 97 £
Wages and salaries	370,251	6,063
Social security costs	25,153	-
	<u>395,404</u>	<u>6,063</u>

Additional wages costs totalling £551,053(including social security costs of £43,856) have been allocated to development costs.

**4. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	Period from 1 Oct 97 to 31 Mar 99 £	Period from 3 Oct 96 to 30 Sep 97 £
Emoluments receivable	<u>138,646</u>	<u>-</u>

Additional emoluments totalling £150,938 have been re-allocated to development costs.

**INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

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**5. INTEREST PAYABLE**

	<b>Period from 1 Oct 97 to 31 Mar 99 £</b>	<b>Period from 3 Oct 96 to 30 Sep 97 £</b>
Interest payable on bank borrowings	3,531	205
Other similar charges payable	12,000	-
	<u>15,531</u>	<u>205</u>

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

There is no liability to United Kingdom Corporation Tax on the periods' results.

**7. INTANGIBLE FIXED ASSETS**

	<b>Development costs £</b>
<b>Cost</b>	
At 1 October 1997	114,692
Additions	703,815
<b>At 31 March 1999</b>	<u>818,507</u>
<b>Amortisation</b>	<u>-</u>
<b>Net book value</b>	
At 31 March 1999	818,507
At 30 September 1997	<u>114,692</u>

**INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

**8. TANGIBLE FIXED ASSETS**

	<b>Leasehold Improvements</b>	<b>Plant &amp; Machinery</b>	<b>Fixtures &amp; Fittings</b>	<b>Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 October 1997	-	-	1,235	4,310	5,545
Additions	8,027	30,643	15,221	64,683	118,574
<b>At 31 March 1999</b>	<b>8,027</b>	<b>30,643</b>	<b>16,456</b>	<b>68,993</b>	<b>124,119</b>
<b>Depreciation</b>					
At 1 October 1997	-	-	205	718	923
Charge for the period	2,408	5,278	4,498	16,324	28,508
<b>At 31 March 1999</b>	<b>2,408</b>	<b>5,278</b>	<b>4,703</b>	<b>17,042</b>	<b>29,431</b>
<b>Net book value</b>					
<b>At 31 March 1999</b>	<b>5,619</b>	<b>25,365</b>	<b>11,753</b>	<b>51,951</b>	<b>94,688</b>
At 30 September 1997	-	-	1,030	3,592	4,622

**9. DEBTORS**

	<b>31 Mar 99</b>	<b>30 Sep 97</b>
	<b>£</b>	<b>£</b>
Trade debtors	9,776	2,350
VAT recoverable	-	9,413
Other debtors	124,618	100
Prepayments and accrued income	277,469	-
	<b>411,863</b>	<b>11,863</b>

All debtors fall due within one year of the balance sheet date.

**INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

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**10. CREDITORS: Amounts falling due within one year**

	31 Mar 99 £	30 Sep 97 £
Bank overdrafts	63,996	72,001
Trade creditors	189,648	67,432
Amounts owed to group undertakings	1,854,335	-
Other creditors including taxation and social security:		
PAYE and social security	31,612	7,393
Other creditors	150,000	-
Other creditors	5,011	1,350
Directors current accounts	798	-
Accruals and deferred income	109,197	-
	<u>2,404,597</u>	<u>148,176</u>

The other loan of £150,000 is repayable to M.Rubens, a shareholder in the company. It is secured by a charge on the assets of the company. The loan is repayable twelve months following its inception, with interest charged at 3% above base rate.

The directors' loans are unsecured and interest free. No date has been set for repayment.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	31 Mar 99 £	30 Sep 97 £
Bank overdrafts	63,996	-
Other loans	150,000	-
	<u>213,996</u>	<u>-</u>

**INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999****11. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 1999 the company had annual commitments under non-cancellable operating leases as set out below.

	31 Mar 99		30 Sep 97	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 2 to 5 years	20,064	39,084	-	-

**12. CONTINGENCIES**

During the period the company paid £250,000 to Minorplanet Limited in accordance with a development and marketing agreement of which £225,343 is included in prepayments and accrued income.

Minorplanet Limited will receive a further £750,000 from the company over the next two years in accordance with the agreement. The agreement has an initial period of three years.

**13. TRANSACTIONS WITH RELATED PARTIES****RELATED PARTY TRANSACTIONS**

S.A. Marks is Non-Executive Chairman of Module Communications Group Limited. C.F.Shayler is a director in Second Sights Video Limited. These are companies with whom the company has traded on normal commercial terms during the period as follows;

Amounts due from related companies	Sales	Purchases	Amounts owed by related company	Amounts owed to related company
Module Communications Group Limited	2,452	65,609	1,813	-
Second Sight Video Limited	-	7,286	-	3,717

These amounts are included within creditors due within one year and debtors respectively.

**ADDITIONAL INFORMATION ON SUBSIDIARY UNDERTAKINGS**

Subsidiary Undertakings	Nature of business	Proportion of ordinary shares held
Integrated Traffic Information System Limited	Dormant	100%
In Vehicle Driver Information Systems Limited	Dormant	100%
Intelligent Traffic Systems Limited	Dormant	100%
Intelligent Transport Systems Limited	Dormant	100%
Integrated Transport Information Systems Limited	Dormant	100%
Integrated Traffic Information Services Limited	Dormant	100%

**INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS****PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

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**14. CONTROLLING PARTY**

ITIS Holdings Plc. is the company's controlling party and S.A.Marks is the company's ultimate controlling party.

**15. CALLED UP SHARE CAPITAL****Authorised share capital:**

	<b>31 Mar 99</b>	<b>30 Sep 97</b>
	<b>£</b>	<b>£</b>
1,000 Ordinary shares of £1 each	<u><b>1,000</b></u>	<u><b>1,000</b></u>

**Allotted, called up and fully paid:**

	<b>31 Mar 99</b>	<b>30 Sep 97</b>
	<b>£</b>	<b>£</b>
Ordinary share capital brought forward	<b>100</b>	-
Issue of ordinary shares	<u><b>100</b></u>	<u><b>100</b></u>
	<u><b>200</b></u>	<u><b>100</b></u>

**16. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>Period from 1 Oct 97 to 31 Mar 99 £</b>	<b>Period from 3 Oct 96 to 30 Sep 97 £</b>
Operating loss	<b>(998,874)</b>	<b>(16,791)</b>
Depreciation and amortisation of marketing agreement	<b>53,165</b>	<b>923</b>
Increase in debtors	<b>(424,657)</b>	<b>(11,863)</b>
Increase in creditors	<b>2,264,426</b>	<b>76,175</b>
<b>Net cash inflow from operating activities</b>	<u><b>894,060</b></u>	<u><b>48,444</b></u>



**INTEGRATED TRANSPORT INFORMATION SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**PERIOD FROM 1 OCTOBER 1997 TO 31 MARCH 1999**

**17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	31 Mar 99 £	£	30 Sep 97 £	£
Cash increase in the period	56,240		42,794	
<b>Change in net debt</b>		56,240		42,794
<b>Net debt at 1 October 1997</b>		(71,898)		-
<b>Net debt at 31 March 1999</b>		<u>(15,658)</u>		<u>(71,898)</u>

**18. ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Oct 1997 £	Cash flows £	At 31 Mar 1999 £
Net cash:			
Cash in hand and at bank	103	48,235	48,338
Overdrafts	(72,001)	8,005	(63,996)
	<u>(71,898)</u>	<u>56,240</u>	<u>(15,658)</u>
Debt:			
<b>Net debt</b>	<u>(71,898)</u>	<u>56,240</u>	<u>(15,658)</u>

**19. PENSIONS**

The company has not operated, or contributed to any pension scheme on behalf of its employees.

**20. CAPITAL COMMITMENTS**

The directors have confirmed that there were no capital commitments at the 31 March 1999.