

Company Registration No. 2102210

RTI SYSTEMS LIMITED

Report and Financial Statements

31 December 2005



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RTI SYSTEMS LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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RTI SYSTEMS LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 December 2005.

ACTIVITIES

The company's principal activity is toll collection systems design, installation and maintenance.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors are satisfied with the operating results achieved during the year and look forward to improved results in the coming year.

DIVIDENDS

The directors do not recommend the payment of a dividend (2004 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, as listed below, had no direct interest in the share capital of the company as at 31 December 2005 (31 December 2004 - nil):

J Seguin

D Benard (resigned 12 September 2005)

J Cassagnes (appointed 12 September 2005)

No director had any beneficial interest in the shares of the company or parent company at any time during the year which is required to be disclosed under Schedule 7 of the Companies Act 1985.

DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

J Seguin
Director

19 June 2006

RTI SYSTEMS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 these 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 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 RTI SYSTEMS LIMITED

We have audited the financial statements of RTI Systems Limited for the year ended 31 December 2005, which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under 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 United Company Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant framework 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK & Ireland) 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 RTI SYSTEMS LIMITED
(Continued)

Opinion

In our opinion :

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Dechelle-Laurie LS

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Cambridge

6 Aug 2006

RTI SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2005

	Note	2005 £	2004 £
TURNOVER: continuing operations	2	498,066	557,174
Cost of sales		(285,890)	(285,417)
Gross profit		<u>212,176</u>	<u>271,757</u>
Administrative expenses	3	(212,495)	(301,268)
OPERATING LOSS: continuing operations	5	(319)	(29,511)
Interest receivable and similar income	6	4,220	3,384
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	13	<u>3,901</u>	<u>(26,127)</u>

The statement of movements on reserves is shown in note 13 to the accounts.

There are no recognised gains and losses for the current and preceding financial years other than the profit of £3,901 (2004 - loss of £26,127) shown above. Accordingly, no statement of total recognised gains and losses has been presented.

RTI SYSTEMS LIMITED

BALANCE SHEET 31 December 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	8	-	4,841
CURRENT ASSETS			
Stocks	9	126,599	114,459
Debtors	10	247,931	64,857
Cash at bank and in hand		133,811	120,691
		508,341	300,007
CREDITORS: amounts falling due within one year	11	(404,586)	(204,994)
NET CURRENT ASSETS		103,755	95,013
TOTAL ASSETS LESS CURRENT LIABILITIES		103,755	99,854
CAPITAL AND RESERVES			
Called up share capital	12	130,000	130,000
Profit and loss account	13	(26,245)	(30,146)
TOTAL EQUITY SHAREHOLDERS' FUNDS	14	103,755	99,854

These financial statements were approved by the Board of Directors on 19 June 2006.

Signed on behalf of the Board of Directors

Director



JM SEGUIN

RTI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Turnover

Turnover represents the value of goods and services sold stated net of value added tax.

Cash flow statement

The company is exempt from preparing a cash flow statement as it is a wholly owned subsidiary.

Tangible fixed assets

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

Office furniture and equipment	between 5 and 10 years
Plant, machinery and computers	between 3 and 5 years
Fixtures and fittings	5 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow moving and defective stocks.

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date, to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Leases

Operating lease rentals are charged to income in equal amounts over the lease term.

RTI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

1 ACCOUNTING POLICIES (continued)

Pension costs

The company operates a money purchase pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The assets of the scheme are held independently of the company by insurance companies.

2 TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover is attributable to a single activity, toll collection systems design, installation and maintenance.

Geographical analysis of turnover:

	2005 £	2004 £
United Kingdom	481,903	536,860
Rest of Europe	16,163	20,314
	<u>498,066</u>	<u>557,174</u>

3 EXCEPTIONAL ADMINISTRATION EXPENSES

	2005 £	2004 £
Exceptional expenditure	<u>(45,718)</u>	<u>42,112</u>

Included within administration expenses is the recovery of misappropriated funds discovered during the previous year. The net receipt included within administration expenses comprises the total amount received of £71,218 less the amount of misappropriated funds which were incurred in the current year of £25,500.

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No director received any emoluments in the two years ended 31 December 2004.

The emoluments of the directors are paid by CS Systems Information Limited (CSSI), a wholly owned subsidiary of the ultimate parent company. It is not practicable to allocate the remuneration between their services as directors of RTI Systems Limited and their services as executives of CSSI.

RTI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	2005 No.	2004 No.
Average number of persons employed		
Maintenance	3	3
	<u>3</u>	<u>3</u>
	2005 £	2004 £
Staff costs during the year		
Wages and salaries	119,370	127,332
Social security costs	14,518	15,332
Pension costs	6,789	8,121
	<u>140,677</u>	<u>150,785</u>

5 OPERATING LOSS

	2005 £	2004 £
Operating loss is after charging:		
Depreciation		
Owned assets	4,841	1,043
Rentals under operating leases		
Other operating leases	28,086	27,743
Auditors' remuneration	7,000	9,699
	<u>7,000</u>	<u>9,699</u>

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2005 £	2004 £
Bank interest receivable	4,220	3,384
	<u>4,220</u>	<u>3,384</u>

RTI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2005

7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Tax charge for the year

	2005 £	2004 £
<i>Current taxation</i>		
United Kingdom corporation tax	-	-

The standard rate of corporation tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following tax reconciliation:

Reconciliation of current tax

	2005 £	2004 £
Profit/(loss) on ordinary activities before taxation	3,901	(26,127)
Tax on profit/(loss) on ordinary activities at standard rate	1,170	(7,838)
<i>Factors affecting charge for the year:</i>		
Expenses not deductible for tax purposes	-	253
Other short term timing differences	-	(3,449)
Capital allowances in deficit/(excess) of depreciation	526	(922)
Revenue losses carried forward	-	11,956
Revenue losses utilised	(1,696)	-
Total actual amount of current tax	-	-

A deferred tax asset of £12,942 (2004 - £14,234) has not been recognised in respect of capital allowances in excess of depreciation and revenue losses on the basis that the amounts are not currently considered recoverable. The recoverability of this asset is dependent upon the company's ability to produce future taxable profits.

RTI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

8 TANGIBLE FIXED ASSETS

	Office furniture and equipment £	Plant, machinery and computers £	Fixtures and fittings £	Total £
Cost				
At 1 January 2005 and at 31 December 2005	6,314	27,338	1,718	35,370
Accumulated depreciation				
At 1 January 2005	6,149	22,662	1,718	30,529
Charge in year	165	4,676	-	4,841
At 31 December 2005	6,314	27,338	1,718	35,370
Net book value				
At 31 December 2005	-	-	-	-
At 31 December 2004	165	4,676	-	4,841

9 STOCKS

	2005 £	2004 £
Raw materials and consumables	126,599	114,459

10 DEBTORS

	2005 £	2004 £
Trade debtors	221,849	31,096
Other debtors	7,750	8,250
Prepayments and accrued income	18,332	25,511
	247,931	64,857

All amounts are due within one year.

RTI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Trade creditors	6,426	28,649
Amounts due to group undertakings	120,518	109,080
Other taxes and social security	4,336	5,352
VAT payable	56,352	3,076
Accruals and deferred income	216,954	58,837
	<u>404,586</u>	<u>204,994</u>

12 CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised		
130,000 Ordinary shares of £1.00 each	<u>130,000</u>	<u>130,000</u>
Called up, allotted and fully paid		
130,000 Ordinary shares of £1.00 each	<u>130,000</u>	<u>130,000</u>

13 STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £
At 1 January 2005	(30,146)
Profit for the year	3,901
At 31 December 2005	<u>(26,245)</u>

RTI SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2005

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit/(loss) attributable to members of the company	3,901	(26,127)
Opening shareholders' funds	99,854	125,981
Closing shareholders' funds	<u>103,755</u>	<u>99,854</u>

15 OPERATING LEASE COMMITMENTS

At 31 December 2005 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2005 £	Other 2005 £	Land and buildings 2004 £	Other 2004 £
Leases which expire:				
Within one year	-	1,371	-	1,576
Between two to five years	-	8,826	-	3,804
After five years	15,500	-	15,500	-
	<u>15,500</u>	<u>10,197</u>	<u>15,500</u>	<u>5,380</u>

16 ULTIMATE PARENT COMPANY

The immediate and ultimate parent undertaking and controlling party is CS Communications et Systemes SA, a company incorporated in France. Copies of the consolidated accounts of the ultimate parent undertaking are available from 29 Rue Galilée, 75116, Paris, France.

Under the provisions of Financial Reporting Standard No. 8, the company is not required to disclose transactions with fellow group undertakings as it is a wholly owned subsidiary and the consolidated accounts of the parent company in which the company's results are included are available to the public.