

Registered Number 1664145

# Forest Traffic Signals Limited

## REPORT AND ACCOUNTS

31 March 2007

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COMPANIES HOUSE

# Forest Traffic Signals Limited

## COMPANY INFORMATION

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### DIRECTORS

C C Powell  
I P Martin  
A R Williams  
K J Allen

### COMPANY SECRETARY

R-M Sexton

### REGISTERED OFFICE

Forest House  
Broad Quay Road  
Felnex Industrial Estate  
Newport  
NP19 4PN

### INDEPENDENT AUDITORS

Hazlewoods LLP  
Windsor House  
Barnett Way  
Barnwood  
Gloucester  
GL4 3RT

### SOLICITORS

Berrysmith  
Haywood House  
Dumfries Place  
Cardiff  
CF10 3GA

### BANKERS

National Westminster Bank plc  
96 Queen Street  
Cardiff  
CF10 1TX

# Forest Traffic Signals Limited

## DIRECTORS' REPORT

For the year ended 31 March 2007

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The directors present their report and the audited accounts for the company for the year ended 31 March 2007

### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company's principal activity during the year continued to be traffic management services including the installation and hire of traffic signals and plant. The directors are satisfied with the result for the year.

### RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6. The directors do not propose the payment of a dividend.

The directors aim to reduce the impact of any risks to the company at all times. There are a number of uncontrollable risks which face the company and the directors have worked throughout the year to limit these risks by widening the customer base, developing sound contacts with all customers, and managing the traditional weaker summer workload.

The performance of the company is monitored against the number of tenders won, the value of these contracts and the management of seasonal peaks and troughs in workload. Overheads are carefully managed while improvements in the utilisation of labour and vehicles have contributed to the process of strengthening and repositioning of the business during the year.

### FUTURE DEVELOPMENTS

The directors are confident of continued growth in the coming year.

### DIRECTORS

The members of the Board who served in the year are as follows:

C C Powell  
I P Martin  
A R Williams  
K J Allen  
K Y Matthews (resigned 14 February 2007)

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 accounts, the directors are required to:

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts,
- d prepare the accounts 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 which enable them to ensure that the accounts 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.

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# Forest Traffic Signals Limited

## DIRECTORS' REPORT *(continued)*

For the year ended 31 March 2007

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### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

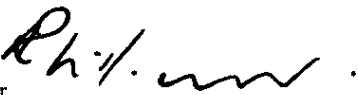
The directors who were in office on the date of approval of these accounts have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all of the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985.

### AUDITORS

Hazlewoods LLP were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

By order of the board

  
Director  
A R Williams

Date 5 September 2007

# Forest Traffic Signals Limited

## INDEPENDENT AUDITOR'S REPORT

### For the year ended 31 March 2007

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We have audited the accounts of Forest Traffic Signals Ltd on pages 6 to 14 for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These accounts 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 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.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require or our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Directors' Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

#### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

# Forest Traffic Signals Limited

## INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2007

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### Opinion

In our opinion

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2007 and of its profit for the year then ended
- the accounts have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the accounts



HAZLEWOODS LLP  
Chartered Accountants  
Registered Auditors  
Windsor House  
Barnett Way  
Barnwood  
Gloucester  
GL4 3RT

Date 5/9/2007

# Forest Traffic Signals Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2007

	<i>Note</i>	2007 £	2006 £
TURNOVER	2	4,152,187	3,142,869
Cost of sales		(2,894,483)	(2,146,693)
GROSS PROFIT		<u>1,257,704</u>	<u>996,176</u>
Administrative expenses		(1,204,119)	(903,878)
Other operating income		-	1,280
OPERATING PROFIT	3	<u>53,585</u>	<u>93,578</u>
Interest receivable and similar income		-	1
Interest payable and similar charges	5	(7,801)	(4,710)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>45,784</u>	<u>88,869</u>
Taxation on profit on ordinary activities	6	(15,654)	(1,289)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u>30,130</u>	<u>87,580</u>

There are no gains or losses other than those shown in the profit and loss account

All activities are classed as continuing

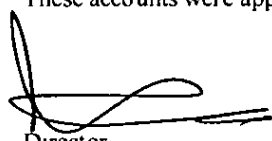
# Forest Traffic Signals Limited

## BALANCE SHEET

As at 31 March 2007

		2007 £	2006 (Restated) £
	<i>Note</i>		
FIXED ASSETS			
Tangible assets	7	878,419	760,651
CURRENT ASSETS			
Debtors	8	1,652,544	1,221,234
Cash at bank and in hand		89,984	84,440
		1,742,528	1,305,674
CREDITORS amounts falling due within one year	9	(2,090,837)	(1,656,804)
NET CURRENT LIABILITIES		(348,309)	(351,130)
TOTAL ASSETS LESS CURRENT LIABILITIES		530,110	409,521
CREDITORS amounts falling due after more than one year	10	(121,992)	(30,852)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(3,942)	(4,623)
		404,176	374,046
CAPITAL AND RESERVES			
Called up share capital	13	688	688
Profit and loss account	14	403,488	373,358
SHAREHOLDER'S FUNDS	14	404,176	374,046

These accounts were approved by the board and authorised for issue on and signed on its behalf by



Director

CC Powell

5/9/2007

# Forest Traffic Signals Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

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### 1 ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

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

#### CASH FLOW STATEMENT

The company has taken advantage of the exemption in Financial Reporting Standard Number 1 (Revised) from the requirement to produce a cash flow statement on the grounds that a consolidated cash flow statement is prepared by the ultimate parent undertaking, Forest Support Services plc

#### TURNOVER

Turnover comprises the value of sales excluding value added tax and trade discounts

#### FIXED ASSETS AND DEPRECIATION

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

Leasehold property	Over the lease term
Office and computer equipment	Over 3 years
Plant and machinery	Over 2 - 7 years
Motor Vehicles	Over 3 years

Amounts previously included in stock have been re-designated as fixed assets as the nature of these assets is that they have a useful economic life of more than 12 months

The directors have reviewed the useful economic life of certain items of plant and machinery. Those that were previously depreciated over 2 years are now written off over a period of 3 years which has led to a reduction in the depreciation charge for the year by £54,353. Those that were previously depreciated over 6 years are now written off over a period of 8 years which has led to a reduction in the depreciation charge for the year by £49,682.

#### OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the profits on a straight line basis over the period of the lease.

#### HIRE PURCHASE COMMITMENTS

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### CONTRIBUTION TO PENSION FUNDS

The company contributes to personal pension plans on behalf of certain of its employees. The amount charged to the profit and loss account in respect of pension costs represents the contributions payable in the year.

#### 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the accounts that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the accounts.

# Forest Traffic Signals Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

### 1 ACCOUNTING POLICIES (continued)

#### DEFERRED TAXATION (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### 2 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, and is all in respect of the one continuing activity, wholly undertaken in the United Kingdom.

3	OPERATING PROFIT/(LOSS)	2007 £	2006 £
	Operating profit/(loss) is stated after charging		
	Depreciation of owned fixed assets	298,024	144,366
	Depreciation of assets held under hire purchase contracts	68,372	90,387
	Loss on disposal of fixed assets	17,948	4,823
	Operating lease rentals - plant and machinery	135,319	42,845
	Operating lease rentals - other	77,400	98,860
	Auditors' remuneration - as auditors	20,620	10,008
	- taxation	1,020	5,340
		<u>2,049,104</u>	<u>1,516,732</u>

4	STAFF COSTS	2007 £	2006 £
	Wages and salaries	1,861,173	1,367,383
	Social security costs	181,253	143,072
	Other pension costs	6,678	6,277
		<u>2,049,104</u>	<u>1,516,732</u>

The monthly average number of employees during the year was as follows

	2007 No	2006 No
Management	3	2
Administration	16	6
Production	58	47
	<u>77</u>	<u>55</u>

	2007 £	2006 £
DIRECTORS' REMUNERATION		
Salaries and fees	65,551	100,034
Contributions to defined contribution pension scheme	1,762	2,700
	<u>67,313</u>	<u>102,734</u>

# Forest Traffic Signals Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

5	INTEREST PAYABLE AND SIMILAR CHARGES	2007 £	2006 £
	Hire purchase interest	7,801	4,710

6	TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	2007 £	2006 £
	The tax charge for the year comprises		
	Corporation tax on profit/(loss) for the year	16,335	-
	Deferred tax - origination and reversal of timing differences (note 12)	(681)	1,289
		15,654	1,289

The tax rate for the year is different to the standard rate of corporation tax in the UK. A reconciliation of the differences is given below

Profit/(loss) before taxation	45,784	88,869
Tax at standard rate of tax of 19%	8,699	16,885
Disallowed expenses	6,703	3,006
Accelerated capital allowances	(2,478)	(652)
Utilisation of tax losses	-	(18,090)
Other	3,411	(1,149)
Current year charge for taxation	16,335	-

# Forest Traffic Signals Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

### 7 TANGIBLE FIXED ASSETS

	Leasehold property £	Office and computer equipment £	Vehicles £	Plant and machinery £	Total £
<b>COST</b>					
At 1 April 2006 as originally stated	11,739	122,181	-	1,582,983	1,716,903
Transfers from stock at 1 April 2006	-	-	-	151,428	151,428
At 1 April 2006 restated	11,739	122,181	-	1,734,411	1,868,331
Additions	88,159	21,924	62,232	341,666	513,981
Transfers	-	(11,949)	11,949	-	-
Disposals	-	-	(3,900)	(337,430)	(341,330)
At 31 March 2007	99,898	132,156	70,281	1,738,647	2,040,982
<b>DEPRECIATION</b>					
At 1 April 2006	643	90,673	-	1,016,364	1,107,680
Charge for the year	8,521	25,452	5,077	327,346	366,396
Transfers	-	(7,609)	7,609	-	-
Disposals	-	-	(1,463)	(310,050)	(311,513)
At 31 March 2007	9,164	108,516	11,223	1,033,660	1,162,563
<b>NET BOOK VALUE</b>					
At 31 March 2007	90,734	23,640	59,058	704,987	878,419
At 31 March 2006 (restated)	11,096	31,508	-	718,047	760,651

The net book value of assets above held under hire purchase contracts in plant and machinery is £161,415 (2006 £122,276) and vehicles is £56,727 (2006 £0)

The brought forward value of plant and machinery has been restated to include amounts previously included in stock. These amounts have been re-designated as they have a useful economic life of more than 12 months.

8 DEBTORS	2007 £	2006 £
Trade debtors	1,423,520	880,459
Amounts due from fellow subsidiary undertaking	138,250	285,147
Prepayments	70,622	48,251
Other debtors	20,152	7,377
	<u>1,652,544</u>	<u>1,221,234</u>

# Forest Traffic Signals Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

9	CREDITORS amounts due within one year	2007	2006
		£	£
	Trade creditors	514,570	501,503
	Net obligations under finance lease and hire purchase contracts	76,680	32,095
	Amounts owed to parent undertaking	1,174,038	794,390
	Other taxation and social security costs	185,527	144,318
	Proposed dividends	-	90,000
	Other creditors	50,807	-
	Accruals	72,880	94,498
	Corporation tax	16,335	-
		<u>2,090,837</u>	<u>1,656,804</u>

National Westminster Bank plc hold an unscheduled mortgage debenture incorporating a fixed and floating charge over all current and future assets of the company and an unlimited composite guarantee between Forest Traffic Signals Limited, Forest Highways Limited and Forest Support Services plc

10	CREDITORS amounts falling due after more than one year	2007	2006
		£	£
	Net obligations under finance lease and hire purchase contracts	121,992	30,852

11	NET OBLIGATIONS UNDER FINANCE LEASE AND HIRE PURCHASE CONTRACTS	2007	2006
		£	£
	Amounts payable		
	Within one year	76,680	32,095
	Within two to five years	121,992	30,852
		<u>198,672</u>	<u>62,947</u>

12	PROVISIONS FOR LIABILITIES AND CHARGES		Deferred taxation
			£
	The movement in deferred taxation is as follows		
	At 1 April 2006		4,623
	Provided in the year (note 6)		(681)
	At 31 March 2007		<u>3,942</u>

The deferred tax liability/(asset) arises on

	2007	2006
	£	£
Accelerated capital allowances	7,332	8,239
Other timing differences	(3,390)	(3,616)
Deferred tax liability	<u>3,942</u>	<u>4,623</u>

# Forest Traffic Signals Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

13	SHARE CAPITAL	2007 £	2006 £
	Authorised 700 Ordinary shares of £1 each	700	700
		<hr/>	<hr/>
		2007 £	2006 £
	Allotted, called up and fully paid 688 Ordinary shares of £1 each	688	688
		<hr/>	<hr/>

### 14 RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 April 2005	688	285,778	286,466
Profit for the year	-	87,580	87,580
	<hr/>	<hr/>	<hr/>
At 31 March 2006	688	373,358	374,046
	<hr/>	<hr/>	<hr/>
Profit for the year	-	30,130	30,130
	<hr/>	<hr/>	<hr/>
At 31 March 2007	688	403,488	404,176
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# Forest Traffic Signals Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 March 2007

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### 15 OTHER FINANCIAL COMMITMENTS

The company has annual commitments under non-cancellable operating leases as follows

	2007 £	2006 £
Those expiring in less than one year		
Land and buildings	-	42,069
Other	6,000	112,848
	<u>6,000</u>	<u>154,917</u>
Those expiring in two to five years		
Land and buildings	68,000	120,000
Other	138,365	177,452
	<u>206,365</u>	<u>297,452</u>

### 16 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available in paragraph 3(c) of Financial Reporting Standard 8 *Related parties* from the requirement to disclose transactions with other group companies

### 17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Forest Support Services plc, the immediate and ultimate parent undertaking. Copies of the accounts of that company are available from Forest Support Services plc, Forest House, Broad Quay Road, Felnax Industrial Estate, Newport, NP19 4PN

### 18 CONTINGENT LIABILITIES

The company is party to a cross guarantee to secure borrowings from National Westminster Bank plc. The amount secured in respect of other group companies as at 31 March 2007 was £218,997 (2006 £151,339)