

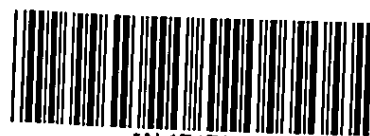
Registered Number 1664145

Forest Traffic Signals Limited

REPORT AND ACCOUNTS

31 March 2009

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COMPANIES HOUSE

Forest Traffic Signals Limited

COMPANY INFORMATION

DIRECTORS:

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

COMPANY SECRETARY:

T L Murray

REGISTERED OFFICE:

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

AUDITORS:

Hazlewoods LLP
Windsor House
Barnett Way
Barnwood
Gloucester
GL4 3RT

BANKERS:

National Westminster Bank Plc
PO Box 44
96 Queen Street
Cardiff
CF10 1TX

SOLICITORS:

Berrysmith
Haywood House
Dumfries Place
Cardiff
CF10 3GA

Forest Traffic Signals Limited

DIRECTORS' REPORT

For the year ended 31 March 2009

REGISTERED NUMBER 1664145

The directors present their report and the audited accounts for the company for the year ended 31 March 2009.

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.

On 31 March 2008 the trade and assets of the company's fellow subsidiary Forest Highways Limited were acquired at the net book amounts as shown in that company's accounting records.

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

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 financial statements, 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.

Forest Traffic Signals Limited

DIRECTORS' REPORT

For the year ended 31 March 2009

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.

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

AUDITORS

A resolution proposing that Hazlewoods LLP be re-appointed will be put to the Annual General Meeting.

By order of the board



Director
A R Williams

Date:

Forest Traffic Signals Limited

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2009

We have audited the accounts on pages 6 to 13 for the year ended 31 March 2009 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 for 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

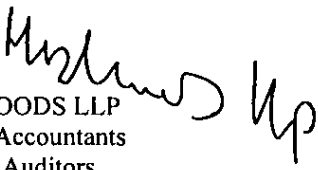
INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2009

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 2009 and of its profit for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- 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: 23 September 2009

Forest Traffic Signals Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2009

	<i>Note</i>	2009 £	2008 £
TURNOVER	2	6,752,948	5,659,370
Cost of sales		(4,626,808)	(4,156,664)
GROSS PROFIT		<u>2,126,140</u>	<u>1,502,706</u>
Administrative expenses		(2,023,329)	(1,379,774)
OPERATING PROFIT	3	<u>102,811</u>	<u>122,932</u>
Interest payable and similar charges	5	(19,425)	(15,413)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>83,386</u>	<u>107,519</u>
Taxation on profit on ordinary activities	6	(1,393)	(5,555)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u>81,993</u>	<u>101,964</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 2009

	<i>Note</i>	2009 £	2008 £
FIXED ASSETS			
Tangible assets	7	872,051	1,168,761
CURRENT ASSETS			
Debtors	8	1,840,712	1,693,995
Cash at bank and in hand		401,514	332,571
		<u>2,242,226</u>	<u>2,026,566</u>
CREDITORS: amounts falling due within one year	9	(2,906,460)	(2,422,817)
NET CURRENT LIABILITIES		<u>(664,234)</u>	<u>(396,251)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>207,817</u>	<u>772,510</u>
CREDITORS: amounts falling due after more than one year	10	(119,684)	(266,370)
NET ASSETS		<u>88,133</u>	<u>506,140</u>
CAPITAL AND RESERVES			
Called up share capital	13	688	688
Profit and loss account	14	87,445	505,452
SHAREHOLDER'S FUNDS	14	<u>88,133</u>	<u>506,140</u>

These accounts were approved by the board and authorised for issue on 23 September and signed on its behalf by:


A R Williams
Director

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS

For the year ended 31 March 2009

1 ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention and in accordance with applicable UK 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 - 8 years
Motor Vehicles	Over 3 years

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 OBLIGATIONS

Assets held 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.

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.

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS

For the year ended 31 March 2009

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	2009 £	2008 £
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Operating profit is stated after charging:

Depreciation of owned fixed assets	382,040	297,810
Depreciation of assets held under hire purchase contracts	89,974	76,893
Operating lease rentals - plant and machinery	186,697	143,750
Operating lease rentals - other	89,574	73,573
Auditors' remuneration - as auditors	14,350	14,352
- taxation	1,688	1,248
- other	3,500	1,949

4	STAFF COSTS	2009 £	2008 £
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Wages and salaries	2,589,026	2,257,386
Social security costs	303,784	213,068
Other pension costs	10,192	7,716
	<u>2,903,002</u>	<u>2,478,170</u>

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

	2009 No.	2008 No.
Management	12	6
Administration	14	13
Production	68	52
	<u>94</u>	<u>71</u>

	2009 £	2008 £
DIRECTORS' REMUNERATION		
Salaries	91,500	68,310
Contributions to defined contribution pension scheme	3,731	2,375
	<u>95,231</u>	<u>70,685</u>

One director is accruing benefits under a defined contribution pension scheme (2008: 1)

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS

For the year ended 31 March 2009

5	INTEREST PAYABLE AND SIMILAR CHARGES	2009	2008
		£	£
	Hire purchase interest	19,425	15,413
		<u>19,425</u>	<u>15,413</u>
6	TAXATION ON PROFIT ON ORDINARY ACTIVITIES	2009	2008
		£	£
	The tax charge / (credit) for the year comprises:		
	Corporation tax on profit for the year	69,771	-
	Overprovision for corporation tax in prior year	-	(3,164)
		<u>69,771</u>	<u>(3,164)</u>
	Current tax charge / (credit)	69,771	(3,164)
	Deferred tax – origination and reversal of timing differences (note 12)	(68,378)	8,719
		<u>1,393</u>	<u>5,555</u>

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 before taxation	83,386	107,519
	<u>83,386</u>	<u>107,519</u>
Tax at standard rate of tax of 28% (2008: 28%)	23,348	30,106
Effects of:		
Non-deductible expenses	12,056	8,008
Depreciation in excess of/(less than) capital allowances	49,183	(14,357)
Group relief claimed	(4,452)	(126,923)
Write off of intercompany loan not deductible for tax purposes	-	101,135
Short term timing differences	(1,435)	2,031
Overprovision in prior year	-	(3,164)
Marginal rate relief	(8,206)	-
Relief for advance corporation tax	(723)	-
	<u>69,771</u>	<u>(3,164)</u>

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS

For the year ended 31 March 2009

7 TANGIBLE FIXED ASSETS

	Short leasehold property £	Office and computer equipment £	Vehicles £	Plant and machinery £	Total £
COST					
At 1 April 2008	111,750	132,259	193,050	2,121,411	2,558,470
Additions	7,000	7,103	-	161,201	175,304
Disposals	-	-	-	(171,719)	(171,719)
At 31 March 2009	118,750	139,362	193,050	2,110,893	2,562,055
DEPRECIATION					
At 1 April 2008	28,290	100,482	49,210	1,211,727	1,389,709
Charge for the year	14,703	17,828	53,894	385,589	472,014
Disposals	-	-	-	(171,719)	(171,719)
At 31 March 2009	42,993	118,310	103,104	1,425,597	1,690,004
NET BOOK VALUE					
At 31 March 2009	75,757	21,052	89,946	685,296	872,051
At 31 March 2008	83,460	31,777	143,840	909,684	1,168,761

The net book value of assets above held under hire purchase contracts in plant and machinery is £202,848 (2008: £277,093) and vehicles is £89,974 (2008: £143,840).

8 DEBTORS

	2009 £	2008 £
Trade debtors	1,611,739	1,573,014
Prepayments and accrued income	139,998	89,759
Other debtors	18,590	29,215
Deferred tax asset (note 12)	70,385	2,007
	1,840,712	1,693,995

9 CREDITORS: amounts due within one year

	2009 £	2008 £
Trade creditors	388,246	566,462
Net obligations under finance lease and hire purchase contracts	110,180	76,915
Amounts owed to parent undertaking	1,827,831	1,345,133
Other taxation and social security costs	279,980	251,084
Other creditors	63,230	63,951
Accruals	167,222	119,272
Corporation tax	69,771	-
	2,906,460	2,422,817

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS

For the year ended 31 March 2009

9 CREDITORS: amounts due within one year (continued)

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 and Forest Support Services plc.

10	CREDITORS: amounts falling due after more than one year	2009 £	2008 £
	Net obligations under finance lease and hire purchase contracts	119,684	266,370

11	NET OBLIGATIONS UNDER FINANCE LEASE AND HIRE PURCHASE CONTRACTS	2009 £	2008 £
	Amounts payable:		
	Within one year	110,180	76,915
	Within two to five years	119,684	266,370
		<u>229,864</u>	<u>343,285</u>

12	PROVISIONS FOR LIABILITIES AND CHARGES	Deferred taxation £
	The movement in deferred taxation is as follows:	
	At 1 April 2008	(2,007)
	Provided in the year (note 6)	(68,378)
	At 31 March 2009	<u>(70,385)</u>

The deferred tax liability arises on:

	2009 £	2008 £
Decelerated capital allowances	(47,852)	(319)
Other timing differences (including ACT)	(22,533)	(1,688)
	<u>(70,385)</u>	<u>(2,007)</u>

13	SHARE CAPITAL	2009 £	2008 £
	Authorised:		
	700 Ordinary shares of £1 each	700	700
		<u>700</u>	<u>700</u>
		2009 £	2008 £
	Allotted, called up and fully paid:		
	688 Ordinary shares of £1 each	688	688
		<u>688</u>	<u>688</u>

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS

For the year ended 31 March 2009

14 RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 31 March 2008	688	505,452	506,140
Dividends paid	-	(500,000)	(500,000)
Profit for the year	-	81,993	81,993
At 31 March 2009	688	87,445	88,133

15 OTHER FINANCIAL COMMITMENTS

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

	2009 £	2008 £
Those expiring in less than one year:		
Land and buildings	-	5,400
Other	8,610	116,294
	8,610	121,694
Those expiring in two to five years:		
Other	114,012	62,043
	114,012	62,043
Those expiring in more than five years:		
Land and buildings	68,000	68,000
	68,000	68,000

17 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 between the parent and fellow subsidiary companies.

18 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 financial statements of that company are available from Forest Support Services plc, Forest House, Broad Quay Road, Felnax Industrial Estate, Newport, Gwent, NP19 4PN.

19 CONTINGENT LIABILITIES

Details concerning the company's inclusion in a cross guarantee with National Westminster Bank plc are disclosed in Note 9.