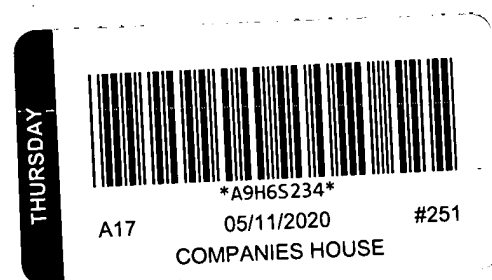


**Forest Traffic Services Limited**

**Annual report and financial statements  
for the 13 months ended 30 April 2020**

**Registered number 01664145**



## Contents

Company Information	1
Strategic report	2
Directors' report	5
Directors' Responsibilities Statement	7
Independent Auditor's Report to the members of Forest Traffic Services Limited	8
Income Statement	10
Statement of Other Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes	14

## Company Information

<b>Directors:</b>	AR Williams DJ Williams MH Hartman B Sweet-Williams IP Lewis
<b>Company secretary:</b>	Consultancy Express (UK) Limited
<b>Registered office:</b>	Unit 1 22 Aspen Way Paignton Devon TQ4 7QR
<b>Registered number:</b>	01664145 (England and Wales)
<b>Auditor:</b>	RSM UK Audit LLP Hartwell House 55-61 Victoria Street Bristol BS1 6AD

## Strategic report

The directors present their strategic report for the 13 months ended 30 April 2020.

### Principal activity

The company provides temporary traffic management services and solutions to the construction industry from locations across Wales and Southern England. The business conducted is derived from three principal sources – utility companies, local and central governments.

The company is typically employed as a subcontractor to the main contractor on new build infrastructure projects and on-going repair, maintenance and improvement (RMI) of existing infrastructure.

The Company's objective is to be the preferred choice for traffic management services and solutions for existing and new customers, delivering high quality service and performance, whilst ensuring and preserving the health and safety of all our employers, customers and the public.

On 18 February 2020 Forest Support Services Limited and its trading subsidiary, Forest Traffic Services Limited was acquired by Core Highways Acquisitions Ltd (formerly Amberon Acquisitions Limited).

### Results and performance

	2020		2019	
	£000's	% change	£000's	% change
Sales	30,530	19	25,513	24
Gross profit	7,825	14	6,853	36
Gross margin	25.6%		26.8%	
EBITDA	3,477	47	2,362	70
Profit before tax	2,694	39	1,934	104

The investments made in 2018 to support new contract gains paid off in 2019 which continued into 2020. The company has continued to grow and invest in new opportunities which has proved fruitful. Further investment was made during the year in new computer systems and remote recording devices which will lead to improvements in efficiency and margins in the future.

### Key Performance Indicators (KPI's)

The Board monitors the progress of the Company by reference to the following KPI's:

- Financial - reviewing and maximising contract profitability
- Financial – control of working capital and maximising cash generation
- Financial - continual review and alignment of costs
- Employee and customer satisfaction
- Health, safety, quality and environmental performance

The Directors are pleased with the Company's performance shown by the key performance indicators above and future prospects for the business.

### Future developments and strategy

The traffic management industry can, in general, be split into two broad categories, fast road work, known as 12AB work, and urban and rural work, known as 12D work, with most traffic management companies choosing to focus on one category. The company, however, operates in both categories, following the strategy detailed below to maximise opportunity and growth and mitigate the workflow volatility risk.

## **Strategic Report (continued)**

The Company's success is dependent on the proper selection, pricing, delivery and on-going management of the contracts it accepts, to maximise profitability and mitigate the risk of workflow volatility. Forest actively pursues contracts in both market categories to exploit our regional capabilities and to maintain a diversified portfolio of contracts thereby mitigating the workflow volatility risk.

The company, via its trading subsidiaries, will continue to invest in its people, vehicle fleet, traffic management equipment, IT systems and its strategic depot network while maintaining its focus on health and safety, delivery, customer service and further development of revenue streams through evolving strategies to maximise and optimise profitable sales growth and operational improvement. The government's first Road Investment Strategy finished in 2020. This has led to an increase in investment in the UK's road network and consequently the size of the market in which the Company operates. The second Road Investment Strategy has been announced and this will lead to a further increase in investment over the next five years. Accordingly, the indications are that the favourable market conditions experienced by the Company will continue in the future.

The government's continued investment in the UK road network, as set out in the second Road Investment Strategy will lead to a further increase in investment over the next five years will support continuing demand for the Group's traffic management services.

### **Principal risks and uncertainties**

The company and its subsidiaries operate in a competitive environment, but has successfully delivered year on year growth by continuing to win new contracts, maintaining good relationships and high quality of service with existing customers and adding new depots to access new markets across the country. The Group continually focuses on delivering excellent quality of service to its diverse customer base through further investment in talent recruitment, operational management training and new IT support systems.

Health and safety risks are a key focus of the traffic management industry, and could directly impact the financial and reputational well-being of the business. The company proactively manages such risks through strict governance via policies, procedures and reporting mechanisms to manage and control all health and safety exposures, alongside regulated training, approved protective equipment and appropriate pastoral support to employees which have been adapted to take into account the risks from COVID-19.

The spread of COVID 19 exposed the group to new risks including short term market volatility, and the need to change working practices to deliver essential services safely. In response to the challenges and disruptions caused by COVID 19 and the UK government lockdown, the Group took a range of actions to mitigate and adapt to the pandemic, quickly adapting working practices to maintain service levels to its existing customer base while introducing safe and compliant processes for its workforce. As a result of the response and measures put in place, the Group was able to manage through the lockdown period and return to a normal rapidly. The Directors' believe that the Group is and continues to be operationally and financially resilient.

### **Section 172(1) of the Companies Act 2006**

The Group is a leading supplier of traffic management and related services in the UK which depends upon good relationships with both customers and suppliers, to operate on a long-term sustainable basis. The Group seeks to put the quality and integrity of its services first to satisfy the needs of its customers, invest in its employees, and support the communities where it operates, whilst it strives to make a sustainable profit for its shareholders. The key relationships with suppliers, customers, and other external stakeholders are overseen by the directors to ensure that all relationships are maintained in the most appropriate manner to promote the interests of the company and its stakeholders. The communication with staff is maintained through regular dialogue between the directors and the staff at a local level through the use of face to face and video conferencing and employee newsletters. The board issues periodic communications keeping staff aware of the progress within the Group.

The directors have acted in accordance with their duties codified in law, which includes their duty to act in a way in which they consider, in good faith, would most likely promote the success of the Group for the benefit of its members as a whole and for the long term, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

## Strategic Report (*continued*)

Section 172 considerations are embedded in the decision making at board level, of Group issues and when discharging the duties of the directors as covered by this report. The board has several external advisors who also review the directors' activities and decisions to provide an independent oversight of the decisions, with the ability to report directly to the shareholders.

### **Employee involvement and equal opportunity**

All operatives within the group undergo a continuous training programme, relevant to their specialist area of operations, to ensure the safety of all employees and provide career opportunities. All depot sites are assessed using a site-specific risk assessment and equipment installation takes place using an approved method statements to provide safe and COVID-secure working environments.

The company is committed to non-discriminatory recruitment procedures and practise. All job offers are based on merit taking into account aptitude and capability to carry out the roles as defined in the job specification.

By order of the board:



**Mr MH Hartman**  
*Director*

Unit 1  
22 Aspen Way  
Paignton  
TQ4 7QR

30 October 2020

## **Directors' report**

### **Dividends**

The total distribution of dividends for the period ended 30 April 2020 was £200,000 (2019: £200,000).

### **Directors**

Mr AR Williams, Mr DJ Williams, Mr IP Lewis and Mrs B Sweet-Williams served as directors throughout the financial period. RJ Coppock resigned on 18 February 2020 and Mr MH Hartman was appointed on 18 February 2020.

### **Financial instruments and financial risks**

The company's principal financial instruments comprise bank balances, trade creditors and hire purchase arrangements. The main purpose of each of these instruments is to raise funds for the company's ongoing operations.

Due to the nature of the financial instruments used by the company there is not considered to be significant exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is explained below:

With respect to bank balances the liquidity risk is managed by maintaining a balance between the various elements of working capital. The company is party to the Core Highways Group Limited and Core Highways Acquisitions Limited group banking facilities which provide committed banking, term debt, capital expenditure and revolving credit facilities as well as access to an equipment finance facility which are utilised to support the operations of all group companies. All have a broadly fixed margin depending on certain financial ratios and so, due to the low interest rates in place currently and minimal foreign currency transactions, neither interest rate risk or foreign exchange risk are considered significant in respect of these instruments.

The company utilises assets held under hire purchase arrangements. At present, interest rate risk is not considered significant in relation to these instruments as the rates are fixed.

Trade creditors' liquidity risk is managed by ensuring there are sufficient funds available from working capital to meet amounts due.

### **Credit risk**

The company has credit exposures to its customers as well as credit risk on the cash deposits and equivalents held with its bankers. Credit exposure with customers is monitored regularly with credit limits set for individual customers underpinned by a credit insurance policy.

All deposits are with its bankers who are all reputable financial institutions.

### **Disclosure in the strategic report**

Disclosure of performance, future developments and principal risks and uncertainties has been made in the Strategic Report, rather than within this Directors Report, as is permitted by the relevant regulations.

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year (2019: £nil).

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

## **Directors' report (*continued*)**

### **Auditor**

Kilsby & Williams LLP resigned as auditors during the year and RSM UK Audit LLP were appointed.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and RSM UK Audit LLP will therefore continue in office.

By order of the board



**Mr MH Hartman**  
*Director*

Unit 1  
22 Aspen Way  
Paignton  
Devon  
TQ4 7QR

30 October 2020



## Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the members of Forest Traffic Services Limited**

### **Opinion**

We have audited the financial statements of Forest Traffic Services Limited (the 'company') for the period ended 30 April 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the

course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

*Rpm UK Audit LLP*  
Hywel Pegler (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6AD  
Date *30 October 2020*

**Income Statement**  
*for the 13 months ended 30 April 2020*

	<i>Notes</i>	<b>13 months ended 30 April 2020</b>	Year ended 31 March 2019 (restated)
		<b>£000</b>	<b>£000</b>
<b>Turnover</b>		<b>30,530</b>	25,513
Cost of Sales		<b>(22,705)</b>	(18,940)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>7,825</b>	6,853
Administrative expenses		<b>(5,388)</b>	(4,609)
		<hr/>	<hr/>
		<b>2,437</b>	1,964
Other operating income		<b>255</b>	2
<b>Operating profit</b>		<b>2,692</b>	1,966
Interest received		<b>11</b>	-
Interest payable and similar expenses	5	<b>(9)</b>	(32)
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>2694</b>	1,934
Tax on profit	6	<b>(486)</b>	(252)
		<hr/>	<hr/>
<b>Profit for the financial period</b>		<b>2,208</b>	1,682
		<hr/> <hr/>	<hr/> <hr/>

The Income Statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 24 form an integral part of these financial statements.

**Statement of Other Comprehensive Income**  
*for the 13 months ended 30 April 2020*

There were no items of Other Comprehensive Income other than those disclosed in Income Statement on page 10.

**Statement of Financial Position**  
*at 30 April 2020*

	<i>Note</i>	<b>30 April 2020</b>		<b>31 March 2019</b> (restated)	
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Non-current assets</b>					
Property, plant and equipment	7	1,931			1,736
			<u>1,931</u>		<u>1,736</u>
<b>Current assets</b>					
Trade and other debtors	8	5,809		6,114	
Cash and cash equivalents		3,019		705	
		8,828		<u>6,819</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(5,492)</u>		<u>(5,155)</u>	
<b>Net current assets</b>			<u>3,336</u>		<u>1,664</u>
<b>Total assets less current liabilities</b>			<u>5,267</u>		<u>3,400</u>
<b>Creditors: amounts falling due after more than one year</b>	10		(85)		(142)
<b>Deferred tax asset/(provision)</b>	12		9		(75)
<b>Net assets</b>			<u>5,191</u>		<u>3,183</u>
<b>Capital and reserves</b>					
Called up share capital	13		1		1
Retained earnings			<u>5,190</u>		<u>3,182</u>
<b>Shareholder's funds</b>			<u>5,191</u>		<u>3,183</u>

These financial statements were approved by the board of directors on 30 October 2020 and were signed on its behalf by:

*MH Hartman*

**Mr MH Hartman**  
*Director*

Company registered number: 01664145

The notes on pages 14 to 24 form an integral part of these financial statements.

**Statement of Changes in Equity**  
*for 13 months ended 30 April 2020*

	Called up Share capital £000	Retained earnings £000	Total equity £000
<b>Balance at 1 April 2019 (restated)</b>	1	1,700	1,701
<b>Changes in equity</b>			
Dividends paid	-	(200)	(200)
Total comprehensive income	-	1,682	1,682
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2019 (restated)</b>	1	3,182	3,183
	<hr/>	<hr/>	<hr/>
<b>Changes in equity</b>			
Dividends paid	-	(200)	(200)
Total comprehensive income	-	2,208	2,208
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 April 2020</b>	1	5,190	5,191
	<hr/>	<hr/>	<hr/>

The notes on pages 14 to 24 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Forest Traffic Services Limited is private company, limited by shares, registered in England and Wales. The company's registered number is 01664145 and registered office address is Unit 1, 22 Aspen Way, Paignton, Devon, United Kingdom TQ4 7QR.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's immediate parent undertaking is Forest Support Services Limited. The ultimate parent company is Core Highways Group Limited (formerly Amberon Group Limited) which includes the Company in its consolidated financial statements. The consolidated financial statements of Core Highways Group Limited are available to the public and may be obtained from the address included in note 14. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The company is a member of the Core Highways Group Limited group of companies and is party to the group's banking facilities which provide committed banking, term debt, capital expenditure and revolving credit facilities. Because of the interlinked nature of the arrangements with its ultimate parent, in order to assess the going concern assumption of this company, detailed consideration has been undertaken at a group level, and group support has been confirmed as available for a period of at least 12 months from the date of approval of these financial statements.

In order to assess the going concern assumption, the directors have considered detailed trading and cash flow projections for a period of at least 12 months from the date of approval of these financial statements, taking into account the ongoing COVID-19 situation and the uncertainty this presents in drawing their conclusions. The directors have and will continue to make use as necessary of available government reliefs offered in response to the economic impact of COVID-19, such as the VAT deferral scheme and job retention schemes. Sensitivity analysis and further detailed review was undertaken on the more judgemental areas of the forecasts, as well as a review of mitigating factors and potential upsides.

The directors are confident that the steps that they have taken to mitigate associated risk will ensure that the group is well positioned to continue to trade throughout the current uncertain economic environment. They have therefore concluded that there is no material uncertainty about the ability of the group to continue as a going concern and that it remains appropriate to prepare the financial statements on a going concern basis.

#### 1.3 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### 1.4 Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

#### 1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Depreciation is charged to the profit and loss account over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Lease hold property      straight line over term of the lease
- plant and equipment      straight line over 2-8 years
- fixtures and fittings      straight line over 3 years
- motor vehicles              straight line over 3-5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### 1.6 Intangible assets

##### *Intangible assets*

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

##### *Amortisation*

Development costs are being amortised over their estimated useful life of 5 years.

#### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value.

#### 1.8 Turnover

Turnover represents net invoiced sales, excluding value added tax, from the provision of services and goods and the hire of equipment falling within the group's ordinary activities. Revenue is recognised in the period in which the service was provided or the goods were despatched and revenue from the hire of equipment is recognised in the period to which the hire relates.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Employee benefits

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### 1.10 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable and finance leases recognised in profit or loss using the effective interest method.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

#### 1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 1.12 Change in accounting policy

Previously, the company had classified purchases of equipment used in the course of the company's operations as stock. Items purchased in the period were held as stock at year end, and effectively expensed the following period.

The company has revisited this treatment and determined that a more appropriate classification would be to recognise these items as fixed assets, with useful economic lives of 3 years, to reflect the nature of these items, which are utilised by the business for a period of longer than 12 months, and not specifically held for re-sale. This decision has been taken both in accordance with FRS 102 and the policy adopted by the wider Core Highways Group.

As part of this exercise, additional items previously expensed to the P&L have also been capitalised on the basis they are utilised by the business for a period of longer than 12 months.

In accordance with FRS102 Section 10.11a and Section 10.12, the Company has applied the new accounting policy to comparative information for prior periods.

	As previously reported £'000	At 31 March 2019 Adjustment £'000	As restated £'000
<b>Assets</b>			
Fixed assets: Plant & Machinery	500	759	1,259
Stock	501	(501)	-
<b>Net assets</b>	2,925	258	3,183
<b>Capital and reserves</b>			
Profit for the period	1,388	295	1,683
Profit and loss account brought forward	1,737	(37)	1,700
<b>Total equity</b>	2,925	258	3,183
<b>Income statement</b>			
Cost of Sales	(19,234)	295	(18,940)
Administrative Expenses	(4,609)		(4,609)
<b>Profit Before Tax</b>	1,639	295	1,934

### 1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

## Notes (continued)

### 2 Staff costs and numbers

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees 2020	2019
Production staff	230	183
Administrative staff	30	30
Management staff	24	24
	<u>284</u>	<u>237</u>

The aggregate payroll costs of these persons were as follows:

	13 months ended 30 April 2020 £000	Year ended 31 March 2019 £000
Wages and salaries	15,898	12,124
Social security costs	1,243	962
Other pension costs	300	156
	<u>17,441</u>	<u>13,242</u>

### 3 Directors' remuneration

	13 months ended 30 April 2020 £000	Year ended 31 March 2019 £000
Directors' remuneration	269	182
Company contributions to money purchase pension plans	11	10
	<u>281</u>	<u>192</u>

The aggregate of remuneration of the highest paid director was £131,212 (2019: £97,736), and company pension contributions of £4,550 (2019: £4,100) were made to a money purchase scheme on his behalf.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

	13 months ended 30 April 2020	Year ended 31 March 2019
Number of directors	<u>5</u>	<u>5</u>

**Notes** *(continued)*

**4 Auditor's remuneration**

	13 months ended 30 April 2020 £000	Year ended 31 March 2019 £000
Audit of these financial statements	18	7
Other services in relation to taxation	4	-
	<u>22</u>	<u>7</u>
	<u><u>22</u></u>	<u><u>7</u></u>

**5 Interest payable and similar expenses**

	13 months ended 30 April 2020 £000	Year ended 31 March 2019 £000
Interest on bank loans and overdrafts	-	11
Hire purchase interest and charges	9	21
	<u>9</u>	<u>32</u>
	<u><u>9</u></u>	<u><u>32</u></u>

## Notes (continued)

### 6 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	13 months ended 30 April 2020		Year ended 31 March 2019	
	£000	£000	£000	£000
<i>Current tax:</i>				
Current tax on income for the period	622			323
Adjustments in respect of prior periods	(52)			(74)
Total current tax		570		249
<i>Deferred tax (see note 13)</i>				
Origination and reversal of timing differences	(86)		3	
Adjustments in respect of prior periods	2		-	
Total deferred tax		(84)		3
Total tax		486		252

The total tax above has been recognised in the profit and loss account in full.

#### Reconciliation of effective tax rate

	13 months ended 30 April 2020	Year ended 31 March 2019
	£000	£000
Profit for the period	2,208	1,682
Total tax expense	486	252
Profit excluding taxation	2,694	1,934
Tax using the UK corporation tax rate of 19 % (2019: 19 %)	512	311
Non-deductible expenses	58	12
Fixed asset timing differences	14	3
Adjustments in respect of previous periods	(52)	(74)
Group relief claimed	(46)	-
Payment for Group relief	-	-
Total tax expense included in profit or loss	486	252

## Notes (continued)

### 7 Property, plant and equipment

	Long Leasehold Property £000	Plant and Machinery £000	Fixtures and Fittings £000	Motor Vehicles £000	Totals £000
<b>Cost or valuation</b>					
At 1 April 2019 (restated)	275	3,405	449	1,022	5,151
Additions	40	632	156	337	1,165
Disposals	-	(12)	(3)	(18)	(33)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2020	315	4,025	602	1,341	6,283
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 April 2019 (restated)	160	2,146	321	787	3,415
Charge for year	40	660	87	165	950
Eliminated on disposal		(9)	(3)	(1)	(13)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2020	200	2,797	405	951	4,352
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 30 April 2020	115	1,228	197	390	1,931
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019 (restated)	114	1,259	128	236	1,736
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Fixtures and Fittings Machinery £000	Motor Vehicles £000	Totals £000
<b>Cost or valuation</b>			
At 1 April 2019	51	200	251
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 April 2020	51	200	251
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2019	10	33	43
Charge for year	18	43	61
Eliminated on disposal	-	-	-
	<hr/>	<hr/>	<hr/>
At 30 April 2020	28	76	104
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 April 2020	23	124	147
	<hr/>	<hr/>	<hr/>
At 31 March 2019	41	167	208
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 8 Trade and other receivables: amounts falling due within one year

	13 months ended 30 April 2020 £000	Year ended 31 March 2019 £000
Trade debtors	3,928	4,463
Amounts recoverable on contracts	875	1,015
Amounts owed by group undertakings	397	-
Other debtors	319	240
Prepayments and accrued income	291	397
	<u>5,810</u>	<u>6,114</u>

All amounts are receivable within one year.

Amounts owed by group undertakings are repayable on demand.

### 9 Creditors: amounts falling due within one year

	13 months ended 30 April 2020 £000	Year ended 31 March 2019 £000
Hire purchase contracts (see note 11)	52	73
Trade creditors	1,692	1,363
Amounts owed to group undertakings	404	1,176
Corporation Tax	460	258
Social security and other taxes	1,860	1,282
Other creditors	236	136
Accruals and deferred income	788	867
	<u>5,492</u>	<u>5,155</u>

Amounts owed by group undertakings are repayable on demand.

### 10 Creditors: amounts falling due after more than one year

	13 months ended 30 April 2020 £000	Year ended 31 March 2019 £000
Hire purchase contracts (see note 11)	85	142



## Notes (continued)

### 11 Leasing agreements

The present value of minimum lease payments for hire purchase contracts fall due as follows:

	13 months ended 30 April 2020 £000	Year ended 31 March 2019 £000
Net obligations repayable:		
Within one year	52	72
Between one and five years	85	142
	<u>137</u>	<u>214</u>

Non-cancellable operating lease rentals are payable as follows:

	13 months ended 30 April 2020 £000	Year ended 31 March 2019 £000
Within one year	223	284
Between one and five year	603	584
More than five years	94	193
	<u>920</u>	<u>1,061</u>

During the year ended April 2020 £359k was recognised as an expense in the profit and loss account in respect of operating leases (2019: £354k).

### 12 Deferred tax asset/(provision)

	13 months ended 30 April 2020 £000	Year ended 31 March 2019 £000
Deferred taxation	9	(75)

	Deferred taxation £000
Balance at 1 April 2019	(75)
Accelerated capital allowances	86
Adjustments in respect of prior periods	(2)
<b>Balance at 30 April 2020</b>	<u><b>9</b></u>

## Notes (continued)

### 13 Capital and reserves

#### *Called up share capital*

Allotted, issued and fully paid:

	Class	Nominal Value	13 months ended 30 April 2020	Year ended 31 March 2019
Number: 688	Ordinary	£1	688	688

### 14 Ultimate parent company

The Company is a subsidiary undertaking of Forest Support Services Ltd, which until 17 February 2020 was also the ultimate parent company and under the ultimate control of two of the directors – Mr AR Williams and Mr DJ Williams. From 18 February 2020 the ultimate controlling party is Core Highways Group Limited following the acquisition of Forest Support Services Limited and its subsidiary company, Forest Traffic Services by Core Highways Acquisitions Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by Core Highways Group Limited, Unit 1 Aspen Way, Paignton, Devon, United Kingdom TQ4 7QR.