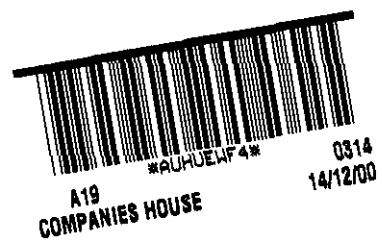


Forest Traffic Signals Limited

Report and Accounts

31 March 2000

Registration number 1664145



Forest Traffic Signals Limited

DIRECTORS

M J Williams (Chairman)
A R Williams

SECRETARY

S C Harry

REGISTERED OFFICE

Albany Street
Newport
Gwent

AUDITORS

Bishop Plimmer Umbleja
129 Cathedral Road
Cardiff

BANKERS

National Westminster Bank Plc
PO Box 44
96 Queen Street
Cardiff

SOLICITORS

Edwards Geldard
Dumfries House
Dumfries Place
Cardiff

Forest Traffic Signals Limited

Directors' Report

The directors present their report and accounts for the year ended 31 March 2000.

Principal activity and review of the business

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

Results and dividends

The profit for the period amounted to £76,623 (1999: £95,731). No dividends were paid or proposed during the current or previous periods.

Fixed assets

Movements in fixed assets are disclosed in note 7 to the accounts.

Directors and directors' interests

The directors at the balance sheet date and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	2000	1999
M J Williams	-	-
A R Williams	-	-

The interests of the directors in the shares of the company's ultimate parent undertaking, Transport Systems Plc, are disclosed in that company's accounts.


Auditors

A resolution to re-appoint Bishop Plimmer Umbleja as auditors will be put to the members at the annual general meeting.

This report was approved by the board on 12/9/2000

Secretary

S.C. Hawley



Forest Traffic Signals Limited
Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, 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 accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 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.

Forest Traffic Signals Limited

Auditors' Report

**BISHOP
PLIMMER
UMBLEJA**
Chartered Accountants

Report of the auditors to the shareholders of Forest Traffic Signals Limited

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

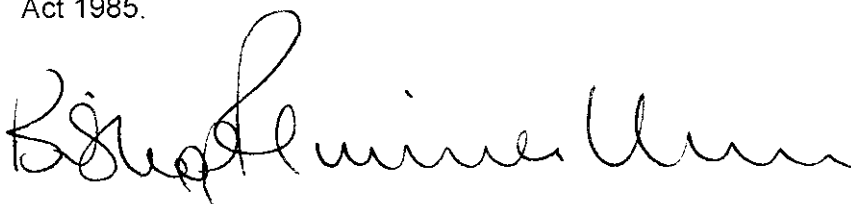
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

13 September 2000

129 Cathedral Road
Cardiff CF11 9UY

Forest Traffic Signals Limited
Profit and Loss Account
for the year ended 31 March 2000

	Notes	2000 £	1999 £
Turnover	1	700,369	562,464
Cost of sales		(110,507)	(66,551)
Gross profit		589,862	495,913
Administrative expenses		(529,055)	(386,847)
Operating profit	2	60,807	109,066
Interest receivable and similar income		14,627	653
Interest payable and similar charges	5	(5,371)	(13,988)
Profit on ordinary activities before taxation		70,063	95,731
Taxation on profit on ordinary activities	6	6,560	-
Profit on ordinary activities after taxation		76,623	95,731
Retained profit for the period	14	76,623	95,731

There are no gains or losses other than those shown in the profit and loss account.
There were no acquisitions or discontinued operations during the current or preceding accounting period.

Forest Traffic Signals Limited
Balance Sheet
as at 31 March 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	7	243,926	151,947
Current assets			
Stocks	8	33,000	33,000
Debtors	9	250,432	207,916
Cash at bank and in hand		26,094	27,243
		<u>309,526</u>	<u>268,159</u>
Creditors: amounts falling due within one year	10	(219,028)	(203,608)
Net current liabilities		<u>90,498</u>	<u>64,551</u>
Total assets less current liabilities		<u>334,424</u>	<u>216,498</u>
Creditors: amounts falling due after more than one year	11	(149,485)	(108,182)
		<u>184,939</u>	<u>108,316</u>
Capital and reserves			
Called up share capital	13	688	688
Profit and loss account	14	184,251	107,628
		<u>184,939</u>	<u>108,316</u>



Director

Approved by the board on 12/9/2000

Forest Traffic Signals Limited
Notes to the Accounts for the year ended
31 March 2000

1 Accounting policies

Accounting convention

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

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:

Motor vehicles	25 % per annum
Office equipment	15% per annum
Computer equipment	33% per annum
Plant and machinery	14% - 50% per annum

Stocks

Stock is valued at the lower of cost and net realisable value.

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.

Hire purchase obligations

Assets held under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The corresponding hire purchase obligation is included in the balance sheet as a liability. The interest element of the repayments is charged to the profit and loss account over the period of the contract and represents a constant proportion of the balance of the capital repayments outstanding.

Comparative figures

The comparative figures are for the period 18 June 1998 to 31 March 1999.

2 Operating profit	2000	1999
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	57,678	45,400
Depreciation of assets held under finance leases and hire purchase contracts	14,351	6,080
Profit on disposal of fixed assets	(1,062)	(4,062)
Operating lease rentals	20,680	26,922
Directors' remuneration	-	13,523
Auditors' remuneration	1,800	1,800

Forest Traffic Signals Limited
Notes to the Accounts for the year ended
31 March 2000

3 Directors emoluments	2000	1999
	£	£
Emoluments	-	13,523
Company contributions paid to money purchase pension schemes.	-	936
	2000	1999
	Number	Number
Members of money purchase pension schemes.	-	1
4 Staff costs	2000	1999
	£	£
Wages and salaries	252,402	191,387
Social security costs	24,516	20,954
Other pension costs	6,323	5,599
	<u>283,241</u>	<u>217,940</u>
The monthly average number of employees during the year was as follows:		
	2000	1999
	Number	Number
Management	-	1
Administration	3	3
Production	11	11
	<u>14</u>	<u>15</u>
5 Interest payable and similar charges	2000	1999
	£	£
Bank overdraft	43	418
Hire purchase obligations	5,328	3,490
Other	-	10,080
	<u>5,371</u>	<u>13,988</u>
6 Tax on profit on ordinary activities	2000	1999
	£	£
Over provisions from earlier years	<u>6,560</u>	<u>-</u>

Forest Traffic Signals Limited
Notes to the Accounts for the year ended
31 March 2000

7 Tangible fixed assets

	Office & Computer equipment £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 April 1999	5,630	499,531	9,728	514,889
Additions	20,783	146,064	-	166,847
Disposals	(5,630)	(105,665)	(9,728)	(121,023)
At 31 March 2000	20,783	539,930	-	560,713
Depreciation				
At 1 April 1999	5,630	351,234	6,078	362,942
Charge for the year	1,271	69,947	811	72,029
On disposals	(5,630)	(105,665)	(6,889)	(118,184)
At 31 March 2000	1,271	315,516	-	316,787
Net book value				
At 31 March 2000	19,512	224,414	-	243,926
At 31 March 1999	-	148,297	3,650	151,947

	2000 £	1999 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	101,415	44,328

Net book value of office and computer equipment included above held under finance leases and hire purchase contracts

2000 £	1999 £
19,512	-

8 Stocks

	2000 £	1999 £
Raw materials and consumables	33,000	33,000

The difference between purchase price or production cost of raw materials and their replacement cost is not material.

Forest Traffic Signals Limited
Notes to the Accounts for the year ended
31 March 2000

9 Debtors	2000	1999
	£	£
Trade debtors	202,786	166,774
Other debtors	8,279	596
Advance corporation tax recoverable	22,836	22,836
Prepayments	16,531	17,710
	250,432	207,916

The advance corporation tax is recoverable in after one year.

10 Creditors: amounts falling due within one year	2000	1999
	£	£
Obligations under finance lease and hire purchase contracts	55,195	16,500
Trade creditors	53,855	84,914
Amounts owed to parent undertaking	24,841	-
Corporation tax	-	3,709
Other taxation and social security costs	50,083	50,831
Accruals	29,112	41,345
Other creditors	5,942	6,309
	219,028	203,608

11 Creditors: amounts falling due after one year	2000	1999
	£	£
Obligations under finance lease and hire purchase contracts	62,553	21,250
Amounts owed to group undertakings	86,932	86,932
	149,485	108,182

12 Obligations under hire purchase contracts	2000	1999
	£	£
Amounts payable:		
Within one year	65,043	19,327
Within two to five years	73,854	24,905
Less interest allocated to future periods	(21,149)	(6,482)
	117,748	37,750

Forest Traffic Signals Limited
Notes to the Accounts for the year ended
31 March 2000

13 Share capital			2000	1999
			£	£
Authorised:				
Ordinary shares of £1 each			<u>700</u>	<u>700</u>
	2000	1999	2000	1999
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	<u>688</u>	<u>688</u>	<u>688</u>	<u>688</u>
14 Profit and loss account			2000	1999
			£	£
At 1 April			107,628	11,897
Retained profit for the period			76,623	95,731
At 31 March			<u>184,251</u>	<u>107,628</u>
15 Other financial commitments			2000	1999
			£	£
The company has annual commitments under non - cancellable operating leases as follows:				
Those expiring within one year:				
Land and buildings			-	-
Other			-	60,000
			<u>-</u>	<u>60,000</u>
Those expiring in two to five years:				
Land and buildings			40,000	40,000
Other			50,625	2,110
			<u>90,625</u>	<u>42,110</u>

16 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Transport Systems plc.

17 Related party transactions

The company has taken advantage of the exemptions available in paragraph 3 (c) of FRS8 from the requirement to disclose related party transactions.