

Forest Traffic Signals Limited

Report and Accounts

17 June 1998

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Michael D Bishop FCA
Colin M Plimmer ACA
E Peter Umbleja ACA

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
CF1 9UY

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 period from 1 August 1997 to 17 June 1998.

Principal activity and review of 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 period.

Results and dividends

The company's profit for the period amounted to £24,015 (1997:£114,287). A dividend of £68,700 was paid during the period (1997:£nil). A final dividend is not proposed (1997:£396,565).

Fixed assets

Movements in fixed assets are detailed in note 4 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	
	17-Jun 1998	31-Jul 1997
M J Williams	-	-
A R Williams	-	-

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

Year 2000 compatibility and introduction of the Euro

The directors have considered the potential impact and extent of the Year 2000 issue and the introduction of the Euro on the business and its operation.

The directors are of the opinion that there will be no major problems in this area and, whilst there will be some financial cost regarding Year 2000 compatibility in relation to software and hardware, they do not feel that these costs are likely to be material.

Auditors

Ernst & Young resigned as auditors after the period end and Bishop Plimmer Umbleja were appointed in their place. 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 22nd SEPTEMBER 1999

Secretary



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 10 which have been prepared under the historical cost convention and on the basis of 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.

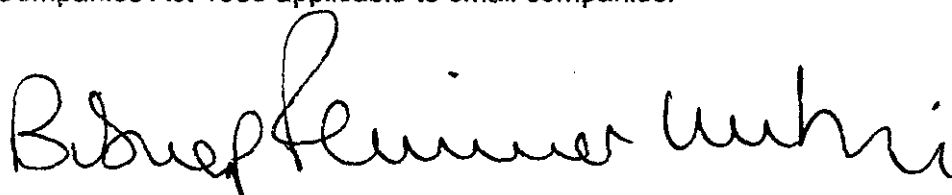
Basis of opinion

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 17 June 1998 and of its result for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Chartered Accountants
Registered Auditors

22 September 1999

129 Cathedral Road
Cardiff CF1 9UY

Forest Traffic Signals Limited**Profit and Loss Account****for the period from 1 August 1997 to 17 June 1998**

	Notes	1998 £	Year ended 31-Jul 1997 £
Turnover	1	595,264	807,589
Cost of sales		(99,847)	(156,263)
Gross profit		495,417	651,326
Administrative expenses		(460,678)	(496,383)
Operating profit	2	34,739	154,943
Interest receivable and similar income		334	715
Interest payable and similar charges		(11,058)	(37,609)
Profit on ordinary activities before taxation		24,015	118,049
Taxation on profit on ordinary activities	3	-	(3,762)
Profit on ordinary activities after taxation		24,015	114,287
Dividends		(68,700)	(396,565)
Retained loss for the period	9	(44,685)	(282,278)

Forest Traffic Signals Limited
Balance Sheet
as at 17 June 1998

	Notes	1998 £	31-Jul 1997 £
Fixed assets			
Tangible assets	4	128,524	310,425
Current assets			
Stocks		18,000	18,000
Debtors	5	236,297	588,837
Cash at bank and in hand		530	10,616
		<u>254,827</u>	<u>617,453</u>
Creditors: amounts falling due within one year	6	(369,908)	(860,291)
Net current liabilities		<u>(115,081)</u>	<u>(242,838)</u>
Total assets less current liabilities		<u>13,443</u>	<u>67,587</u>
Creditors: amounts falling due after more than one year	7	(858)	(10,317)
		<u>12,585</u>	<u>57,270</u>
Capital and reserves			
Called up share capital	8	688	688
Profit and loss account	9	11,897	56,582
		<u>12,585</u>	<u>57,270</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

Director

Approved by the board on

A. P. H. H. H.
 22/6/99.

Forest Traffic Signals Limited
Notes to the Accounts for the period ended
17 June 1998

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention.

Depreciation

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

Motor vehicles	25 % per annum
Office equipment	15% per annum
Computer equipment	20% per annum
Plant and machinery	14% - 50% per annum

Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, and is all in respect of continuing activities.

Comparative figures

The comparative figures are for the period 1 August 1996 to 31 July 1997.

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.

2 Operating profit

1998	1997
£	£

This is stated after charging/(crediting):

Depreciation of owned fixed assets	88,663	155,578
Depreciation of assets held under finance leases and hire purchase contracts	9,599	10,756
Profit on disposal of fixed assets	(32,491)	(23,166)
Operating lease rentals	39,732	47,485
Directors' remuneration	27,115	29,278
Auditors' remuneration	1,800	4,000

Forest Traffic Signals Limited

Notes to the Accounts for the period ended
17 June 1998

3 Tax on profit on ordinary activities	1998 £	1997 £
Corporation tax on profit on ordinary activities at 21%	-	(7,500)
Over/Under provisions from earlier years	-	3,738
	-	(3,762)

4 Tangible fixed assets

	Office equipment £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 August 1997	15,883	1,044,319	9,728	1,069,930
Additions	-	26,015	-	26,015
Disposals	(10,253)	(617,178)	-	(627,431)
At 17 June 1998	5,630	453,156	9,728	468,514
Depreciation				
At 1 August 1997	14,010	743,469	2,026	759,505
Charge for the period	1,085	95,039	2,138	98,262
On disposals	(10,253)	(507,524)	-	(517,777)
At 17 June 1998	4,842	330,984	4,164	339,990
Net book value				
At 17 June 1998	788	122,172	5,564	128,524
At 31 July 1997	1,873	300,850	7,702	310,425

	1998 £	1997 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	46,529	59,307

Forest Traffic Signals Limited
Notes to the Accounts for the period ended
17 June 1998

5 Debtors	1998	1997
	£	£
Trade debtors	182,369	232,835
Amounts owed by group undertakings	-	231,987
Other debtors	2,217	3,616
Recoverable ACT	22,836	103,750
Prepayments	28,875	16,649
	<u>236,297</u>	<u>588,837</u>

6 Creditors: amounts falling due within one year	1998	1997
	£	£
Bank overdraft	52,150	-
Obligations under finance lease and hire purchase contracts	11,560	23,453
Trade creditors	104,670	89,480
Amounts owed to group undertakings	-	396,565
Corporation tax	3,709	84,920
Other taxation and social security costs	97,012	158,900
Accruals	39,741	47,092
Other creditors	61,066	59,881
	<u>369,908</u>	<u>860,291</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

7 Creditors: amounts falling due after one year	1998	1997
	£	£
Obligations under finance lease and hire purchase contracts	<u>858</u>	<u>10,317</u>

Forest Traffic Signals Limited
Notes to the Accounts for the period ended
17 June 1998

8 Share capital			1998	1997
			£	£
Authorised:				
Ordinary shares of £1 each			<u>700</u>	<u>700</u>
	1998	1997	1998	1997
	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>
9 Profit and loss account			1998	1997
			£	£
At 1 August			56,582	338,860
Retained loss for the period			(44,685)	(282,278)
At 17 June			<u>11,897</u>	<u>56,582</u>

10 Ultimate parent undertaking

The company's ultimate parent undertaking is Crestacre Traffic Management Limited ("Crestacre"). On 18 June 1998 the entire issued share capital of the company was acquired by Transport Systems plc from Crestacre.