

FOREST TRAFFIC SIGNALS LIMITED

REPORT AND ACCOUNTS

31 MARCH 2001

REGISTERED NUMBER 1664145

HLB Kidsons
Chartered Accountants
Spectrum House
20-26 Cursitor Street
London EC4A 1HY



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FOREST TRAFFIC SIGNALS LIMITED

COMPANY INFORMATION

31 March 2001

Directors:	M J Williams (Chairman) A R Williams
Company secretary:	S C Harry
Company number:	1664145
Registered office:	Albany Street Newport Gwent NP20 5NJ
Auditors:	HLB Kidsons Spectrum House 20-26 Cursitor Street London EC4A 1HY
Bankers:	National Westminster bank Plc PO Box 44 96 Queen Street Cardiff CF1 1TX
Solicitors:	Edwards Geldard Dumfries House Dumfries Place Cardiff CF10 3ZF

FOREST TRAFFIC SIGNALS LIMITED

DIRECTORS' REPORT

31 March 2001

The directors present their report and accounts for the year ended 31 March 2001.

Principal activities, business review and results

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

Results and dividends

The profit for the period amounted to £ 3,631 (2000 £76,623). 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.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 have a 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.

FOREST TRAFFIC SIGNALS LIMITED

DIRECTORS' REPORT

31 March 2001

Auditors

HLB Kidsons were appointed as auditors during the year. A resolution to re-appoint HLB Kidsons as auditors will be put to the members at the annual general meeting.

By order of the Board



S. C. Harty
Secretary

M. J. Williams
Director

Registered office

Albany Street
Newport
Gwent
NP20 5NJ

25 September 2001

FOREST TRAFFIC SIGNALS LIMITED

AUDITORS' REPORT

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 2, 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB Kidsons

HLB Kidsons

Chartered Accountants

Registered Auditors

25 September 2001

FOREST TRAFFIC SIGNALS LIMITED**PROFIT AND LOSS ACCOUNT****for the year ended 31 March 2001**

	Note	2001 £	2000 £
Turnover	1	684,634	700,369
Cost of sales		<u>(111,270)</u>	<u>(110,507)</u>
Gross profit		573,364	589,862
Administrative expenses		<u>(561,081)</u>	<u>(529,055)</u>
Operating profit	2	12,283	60,807
Interest receivable and similar income		1,415	14,627
Interest payable and similar charges	4	<u>(10,047)</u>	<u>(5,371)</u>
Profit on ordinary activities before taxation		3,651	70,063
Taxation on profit on ordinary activities	5	<u>-</u>	<u>6,560</u>
Retained profit for the period		<u><u>3,651</u></u>	<u><u>76,623</u></u>

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 2001

	Note	2001	2000
		£	£
Fixed assets			
Tangible assets	6	265,836	243,926
Current assets			
Stocks	7	33,000	33,000
Debtors	8	228,714	250,432
Cash at bank and in hand		<u>5,173</u>	<u>26,094</u>
		266,887	309,526
Creditors: amounts falling due within one year	9	<u>(239,544)</u>	<u>(219,028)</u>
Net current assets		<u>27,343</u>	<u>90,498</u>
Total assets less current liabilities		293,179	334,424
Creditors: amounts falling due after more than one year	10	<u>(104,589)</u>	<u>(149,485)</u>
		<u>188,590</u>	<u>184,939</u>
Capital and reserves			
Called up share capital	12	688	688
Profit and loss account	13	<u>187,902</u>	<u>184,251</u>
		<u>188,590</u>	<u>184,939</u>

Approved by the board of directors on

25 September
2001

On behalf of the board

[Signature]
S C Harry

Secretary

M J Williams -

Director

FOREST TRAFFIC SIGNALS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED

31 March 2001

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.

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 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.

Pension costs

The company operates a defined pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that is considered that a net liability may arise.

FOREST TRAFFIC SIGNALS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED

31 March 2001

(continued)

	2001	2000
	£	£
2 Operating profit		
This is stated after charging:		
Depreciation of owned fixed assets	50,446	57,678
Depreciation of assets held under finance leases and hire purchase contracts	27,246	14,351
Profit on disposal of fixed assets	85	(1,062)
Operating lease rentals – Land and buildings	40,000	20,680
Operating lease rentals – other	44,464	-
Auditors' remuneration	<u>2,000</u>	<u>1,800</u>
3 Staff costs	2001	2000
	£	£
Wages and salaries	261,904	252,402
Social security costs	25,402	24,518
Other pension costs	<u>6,440</u>	<u>6,323</u>
	<u>293,746</u>	<u>283,241</u>
The monthly average number of employees during the year was as follows:	2001	2000
	Number	Number
Administration	3	3
Production	<u>11</u>	<u>11</u>
	<u>14</u>	<u>14</u>
4 Interest payable and similar charges	2001	2000
	£	£
Bank overdraft	10	43
Hire purchase obligations	9,848	5,328
Other	<u>189</u>	<u>-</u>
	<u>10,047</u>	<u>5,371</u>
5 Tax on profit on ordinary activities	2001	2000
	£	£
Over provisions from earlier years	<u>-</u>	<u>6,560</u>

FOREST TRAFFIC SIGNALS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED

31 March 2001

(continued)

6	Tangible fixed assets	Office and computer equipment £	Plant and machinery £	Total £
	Cost			
	At 1 April 2000	20,783	539,930	560,713
	Additions	-	101,316	101,316
	Disposals	<u>-</u>	<u>(103,085)</u>	<u>(103,085)</u>
	At 31 March 2001	<u>20,783</u>	<u>538,161</u>	<u>558,944</u>
	Depreciation			
	At 1 April 2000	1,271	315,516	316,787
	Charge for the year	6,928	70,764	77,692
	Disposals	<u>-</u>	<u>(101,371)</u>	<u>(101,371)</u>
	At 31 March 2001	<u>8,199</u>	<u>284,909</u>	<u>293,108</u>
	Net book value			
	At 31 March 2001	<u>12,584</u>	<u>253,252</u>	<u>265,836</u>
	At 31 March 2000	<u>19,512</u>	<u>224,414</u>	<u>243,926</u>
			2001 £	2000 £
	Net book value of plant and machinery included above held under finance leases and hire purchase contracts		<u>115,805</u>	<u>101,415</u>
	Net book value of office and computer equipment included above held under finance leases and hire purchase contracts		<u>12,584</u>	<u>19,512</u>
7	Stocks		2001 £	2000 £
	Raw materials and consumables		<u>33,000</u>	<u>33,000</u>
	The difference between purchase price or production cost of raw materials and their replacement cost is not material.			
8	Debtors		2001 £	2000 £
	Trade debtors		179,621	202,786
	Other debtors		7,614	8,279
	Advance corporation tax recoverable		22,836	22,836
	Amounts due to group undertakings		3,525	-
	Prepayments		<u>15,118</u>	<u>16,531</u>
			<u>228,714</u>	<u>250,432</u>

The advance corporation tax is recoverable after one year.

FOREST TRAFFIC SIGNALS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED

31 March 2001

(continued)

9	Creditors: amounts due within one year	2001 £	2000 £
	Obligations under finance lease and hire purchase contracts	46,447	55,195
	Trade creditors	145,210	53,855
	Amounts owed to parent undertaking	15,222	24,841
	Corporation tax	-	-
	Other taxation and social security costs	15,863	50,083
	Accruals	7,533	29,112
	Other creditors	<u>9,269</u>	<u>5,942</u>
		<u>239,544</u>	<u>219,028</u>
10	Creditors: amounts falling due after one year	2001 £	2000 £
	Obligations under finance lease and hire purchase contracts	17,657	62,553
	Amounts owed to group undertakings	<u>86,932</u>	<u>86,932</u>
		<u>104,589</u>	<u>149,485</u>
11	Obligations under hire purchase contracts	2001 £	2000 £
	Amounts payable:		
	Within one year	54,788	65,043
	Within two to five years	20,623	73,854
	Less interest allocated to future periods	<u>(11,307)</u>	<u>(21,149)</u>
		<u>64,104</u>	<u>117,748</u>

FOREST TRAFFIC SIGNALS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED

31 March 2001

(continued)

12	Share capital			2001	2000
				£	£
	Authorised:				
	Ordinary shares of £1 each			<u>700</u>	<u>700</u>
		2001	2000	2001	2000
		Number	Number	£	£
	Allotted, called up and fully paid:				
	Ordinary shares of £1 each	<u>688</u>	<u>688</u>	<u>688</u>	<u>688</u>
13	Profit and loss account			2001	2000
				£	£
	At 1 April			184,251	107,628
	Retained profit for the period			<u>3,651</u>	<u>76,623</u>
	At 31 March			<u>187,902</u>	<u>184,251</u>
14	Other financial commitments			2001	2000
				£	£
	The company has annual commitments under non-cancellable operating leases as follows:				
	Those expiring in two to five years:				
	Land and buildings			40,000	40,000
	Other			<u>50,625</u>	<u>50,625</u>
				<u>90,625</u>	<u>90,625</u>
15	Ultimate parent undertaking and controlling party				
	The ultimate parent undertaking and controlling party is Transport Systems plc.				
16	Related party transactions				
	The company has taken advantage of the exemptions available in paragraph 3(c) of FRS 8 from the requirement to disclose related party transactions.				