

Company Registered No 1664145 (England and Wales)

Forest Traffic Signals Limited

REPORT AND ACCOUNTS

31 March 2010

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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 2010

Company Registration No. 1664145 (England and Wales)

The directors present their report and the audited accounts for the company for the year ended 31 March 2010

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.

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.

FINANCIAL RISK MANAGEMENT

Liquidity Risk

The directors' aim is to ensure the company has sufficient liquid resources to meet its operational requirements. This is monitored on an ongoing basis.

Interest Rate Risk

Certain of the company's borrowing bear interest at rates linked to the bank base rate. The company is therefore subject to interest rate risk.

Credit Risk

The company offers certain of its customers credit. Before credit terms are agreed, an assessment of the customers' credit rating is undertaken to ensure that the customer does not represent a major credit risk to the company. Credit limits are set accordingly.

Foreign Exchange Risk

The company does not have any exposure to foreign exchange rate risk.

Forest Traffic Signals Limited

DIRECTORS' REPORT

For the year ended 31 March 2010

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors report and financial statements 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). 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 the 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

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 positioning of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 OF DISCLOSURE TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally the directors have taken all 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 company's auditors are aware of that information.

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 30 July 2010

Forest Traffic Signals Limited

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2010

We have audited the accounts on pages 6 to 15 for the year ended 31 March 2010 which comprise of 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 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable laws and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit for the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Forest Traffic Signals Limited
INDEPENDENT AUDITOR'S REPORT
For the year ended 31 March 2010

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Martin Howard (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP

Chartered Accountants
Registered Auditors
Windsor House
Barnett Way
Barnwood
Gloucester
GL4 3RT

Date 30 July 2010

Forest Traffic Signals Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2010

	<i>Note</i>	2010 £	2009 £
TURNOVER	2	8,803,639	6,752,948
Cost of sales		(6,481,581)	(4,626,808)
GROSS PROFIT		<u>2,322,058</u>	<u>2,126,140</u>
Administrative expenses		(2,173,019)	(2,023,329)
OPERATING PROFIT	3	<u>149,039</u>	<u>102,811</u>
Interest payable and similar charges	5	(24,780)	(19,425)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>124,259</u>	<u>83,386</u>
Taxation on profit on ordinary activities	6	(42,338)	(1,393)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	14	<u>81,921</u>	<u>81,993</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 2010

	<i>Note</i>	2010 £	2009 £
FIXED ASSETS			
Tangible assets	7	974,617	872,051
CURRENT ASSETS			
Debtors	8	2,365,395	1,840,712
Cash at bank and in hand		116,532	401,514
		<u>2,481,927</u>	<u>2,242,226</u>
CREDITORS amounts falling due within one year	9	(3,184,949)	(2,906,460)
NET CURRENT LIABILITIES		<u>(703,022)</u>	<u>(664,234)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>271,595</u>	<u>207,817</u>
CREDITORS amounts falling due after more than one year	10	(101,541)	(119,684)
NET ASSETS		<u>170,054</u>	<u>88,133</u>
CAPITAL AND RESERVES			
Called up share capital	13	688	688
Profit and loss account	14	169,366	87,445
SHAREHOLDER'S FUNDS	14	<u>170,054</u>	<u>88,133</u>

These accounts were approved by the board and authorised for issue on 30 July 2010 and signed on its behalf by



A R Williams
Director

Forest Traffic Signals Limited

CASH FLOW STATEMENT

As at 31 March 2010

	<i>Note</i>	2010 £	2009 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	1	420,971	877,093
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid on hire purchase agreements		(24,780)	(19,425)
NET CASH OUTFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(24,780)	(19,425)
TAXATION		(69,771)	-
CAPITAL EXPENDITURE			
Payments to acquire tangible assets		(478,587)	(175,304)
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE		(478,587)	(175,304)
DIVIDENDS PAID		-	(500,000)
TOTAL CASH FLOWS BEFORE FINANCING		(152,167)	182,364
FINANCING			
Capital element of HP Lease		(132,815)	(113,421)
NET CASH OUTFLOW FOR FINANCING		(132,815)	(113,421)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(284,982)	68,943
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		401,514	332,571
CASH AND CASH EQUIVALENTS AT END OF YEAR	2	116,532	401,514

Forest Traffic Signals Limited

NOTES TO CASH FLOW STATEMENT

As at 31 March 2010

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit	149,039	102,811
Depreciation of tangible assets	472,771	472,014
Increase in debtors	(547,247)	(78,339)
Increase in creditors	346,408	380,607
NET CASH INFLOW FROM OPERATING ACTIVITIES	420,971	877,093

2 ANALYSIS OF NET FUNDS

	1 April 2009 £	Cash Flow £	Non-cash changes £	31 March 2010 £
Net cash				
Cash at bank and in hand	401,514	(284,982)	-	116,532
Finance leases	(229,864)	132,815	(96,750)	(193,799)
NET FUNDS	171,650	(152,167)	(96,750)	(77,267)

Non-cash changes relate to new hire purchase agreements entered into

3 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2010 £	2009 £
Decrease in cash in the year	(284,982)	68,943
Cash outflow from decrease in debt	132,815	113,421
Increase in debt – hire purchase agreements entered into	(96,750)	-
MOVEMENT IN NET FUNDS IN THE YEAR	(248,917)	182,364
Opening net funds	171,650	(10,714)
CLOSING NET FUNDS	(77,267)	171,650

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS

For the year ended 31 March 2010

1 ACCOUNTING POLICIES

ACCOUNTING CONVENTION

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

In accordance with the Financial Reporting Council's "Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009" the directors of all companies are required to provide disclosure regarding the adopting of the going concern basis of accounting

The company has prepared cash flow forecasts which demonstrate that it is expected to trade within the finance facilities available to it. On this basis the financial statements have been prepared on the going concern basis

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 3-5 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 *(continued)*

For the year ended 31 March 2010

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	2010	2009
		£	£

Operating profit is stated after charging

Depreciation of owned fixed assets	357,673	382,040
Depreciation of assets held under hire purchase contracts	115,098	89,974
Operating lease rentals - plant and machinery	138,469	186,697
Operating lease rentals - other	96,432	89,574
Auditors' remuneration - as auditors	14,600	14,350
- taxation	1,000	1,688
- other	2,000	3,500

4	STAFF COSTS	2010	2009
		£	£

Wages and salaries	3,138,827	2,646,386
Social security costs	337,753	303,784
Other pension costs	10,388	10,192

3,486,968	2,960,362
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The monthly average number of employees during the year was as follows

	2010	2009
	No	No
Management	14	12
Administration	16	14
Production	77	68
	107	94

	2010	2009
	£	£
DIRECTORS' REMUNERATION		
Emoluments for qualifying services	176,093	163,893
Contributions to defined contribution pension scheme	4,250	4,146
	180,343	168,039

One director is accruing benefits under a defined contribution pension scheme (2009 1)

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS (*continued*)

For the year ended 31 March 2010

5	INTEREST PAYABLE AND SIMILAR CHARGES	2010	2009
		£	£
	Hire purchase interest	23,324	19,425
	Bank interest	1,456	-
		<u>24,780</u>	<u>19,425</u>
6	TAXATION ON PROFIT ON ORDINARY ACTIVITIES	2010	2009
		£	£
	The tax charge for the year comprises		
	Current tax charge	19,774	69,771
	Deferred tax – origination and reversal of timing differences (note 12)	22,564	(68,378)
		<u>42,338</u>	<u>1,393</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	124,259	83,386
	Tax at standard rate of tax of 28% (2009 28%)	34,793	23,348
	Effects of		
	Non-deductible expenses	14,681	12,056
	Depreciation in excess of/(less than) capital allowances	(8,029)	49,183
	Group relief claimed	-	(4,452)
	Short term timing differences	(150)	(1,435)
	Marginal rate relief	(10,324)	(8,206)
	Relief for advance corporation tax	(11,197)	(723)
	Current year charge	<u>19,774</u>	<u>69,771</u>

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS (*continued*)

For the year ended 31 March 2010

7 TANGIBLE FIXED ASSETS

	Short leasehold property £	Office and computer equipment £	Vehicles £	Plant and machinery £	Total £
COST					
At 1 April 2009	118,750	139,362	193,050	2,110,893	2,562,055
Additions	7,531	11,314	134,293	422,199	575,337
Disposals	-	-	-	(219,918)	(219,918)
At 31 March 2010	126,281	150,676	327,343	2,313,174	2,917,474
DEPRECIATION					
At 1 April 2009	42,993	118,310	103,104	1,425,597	1,690,004
Charge for the year	15,939	17,526	80,621	358,685	472,771
Disposals	-	-	-	(219,918)	(219,918)
At 31 March 2010	58,932	135,836	183,725	1,564,364	1,942,857
NET BOOK VALUE					
At 31 March 2010	67,349	14,840	143,618	748,810	974,617
At 31 March 2009	75,757	21,052	89,946	685,296	872,051

The net book value of assets above held under hire purchase contracts in plant and machinery is £167,061 (2009 £202,848) and vehicles is £107,397 (2009 £89,974)

8	DEBTORS	2010 £	2009 £
	Trade debtors	2,101,852	1,611,739
	Prepayments and accrued income	154,428	139,998
	Other debtors	61,294	18,590
	Deferred tax asset (note 12)	47,821	70,385
		<u>2,365,395</u>	<u>1,840,712</u>
9	CREDITORS amounts due within one year	2010 £	2009 £
	Trade creditors	870,248	388,246
	Net obligations under finance lease and hire purchase contracts	92,258	110,180
	Amounts owed to parent undertaking	1,672,717	1,827,831
	Other taxation and social security costs	300,467	279,980
	Other creditors	80,934	63,230
	Accruals	148,551	167,222
	Corporation tax	19,774	69,771
		<u>3,184,949</u>	<u>2,906,460</u>

An amount of £36,308 in other creditors is secured by a fixed and floating charge over all the assets of the company

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS *(continued)*

For the year ended 31 March 2010

10	CREDITORS amounts falling due after more than one year	2010 £	2009 £
	Net obligations under finance lease and hire purchase contracts	101,541	119,684
11	NET OBLIGATIONS UNDER FINANCE LEASE AND HIRE PURCHASE CONTRACTS	2010 £	2009 £
	Amounts payable		
	Within one year	92,258	110,180
	Within two to five years	101,541	119,684
		193,799	229,864
12	PROVISIONS FOR LIABILITIES AND CHARGES		Deferred taxation £
	The movement in deferred taxation is as follows		
	At 1 April 2009		(70,385)
	Provided in the year (note 6)		22,564
	At 31 March 2010		(47,821)
	The deferred tax liability arises on		
		2010 £	2009 £
	Decelerated capital allowances	(38,696)	(47,852)
	Other timing differences (including ACT)	(9,125)	(22,533)
		(47,821)	(70,385)
13	SHARE CAPITAL	2010 £	2009 £
	Authorised		
	700 Ordinary shares of £1 each	700	700
		2010 £	2009 £
	Allotted, called up and fully paid		
	688 Ordinary shares of £1 each	688	688

Forest Traffic Signals Limited

NOTES TO THE ACCOUNTS *(continued)*

For the year ended 31 March 2010

14 RECONCILIATION OF SHAREHOLDER'S FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 31 March 2009	688	87,445	88,133
Profit for the year	-	81,921	81,921
At 31 March 2010	688	169,366	170,054

15 OTHER FINANCIAL COMMITMENTS

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

	2010 £	2009 £
Those expiring in less than one year		
Land and buildings	-	-
Other	12,832	8,610
	<u>12,832</u>	<u>8,610</u>
Those expiring in two to five years		
Land and buildings	26,640	-
Other	139,555	114,012
	<u>166,195</u>	<u>114,012</u>
Those expiring in more than five years		
Land and buildings	68,000	68,000
	<u>68,000</u>	<u>68,000</u>

16 RELATED PARTY TRANSACTIONS

Forest Support Services Plc charged the company £248,640 (2009 £314,763) for the provision of management services during the year. As at 31 March 2010 the balance owing to Forest Support Services Plc was £1,672,717 (2009 £1,867,781).

17 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.