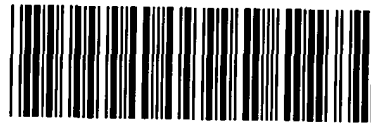


Company Registration No. 01664145 (England and Wales)

FOREST TRAFFIC SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 APRIL 2022

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FOREST TRAFFIC SERVICES LIMITED

COMPANY INFORMATION

Directors	M P Kennedy I P Lewis E A K Stewart S J White
Secretary	Consultancy Express (UK) Limited
Company number	01664145
Registered office	Tormohun House Barton Hill Road Torquay England TQ2 8JH
Auditor	RSM UK Audit LLP Chartered Accountants 2nd Floor 1 The Square Temple Quay Bristol BS1 6DG

FOREST TRAFFIC SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present the strategic report for the year ended 30 April 2022.

Review of the business

Forest Traffic Services Limited is the holding company of a group of trading companies operating as a leading provider of traffic management and related services with a network of depots across England and Wales.

The group continued to perform well during the financial year ended 30 April 2022 despite continued challenges during the first part of the year caused by the COVID-19 crisis. The business continued to deliver services to customers to a high standard.

The consolidated financial statements incorporate those of Forest Traffic Services Limited and its sister companies, MLP Traffic Ltd and Barrier Services Limited. All are part of the Core Highways Group Limited group of companies.

Key performance indicators

Management considers the group's key performance indicators based on the consolidated results in these financial statements are as follows:

	2022	2021
Sales	£72.4m	£67.6m
Gross profit	£18.2m	£17.4m
Gross profit margin %	25.0%	25.7%
Operating profit	£7.0m	£7.4m
Cash balances	£1.2m	£1.2m

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

Future developments and strategy

The group 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 market conditions within which Core Highways operate are expected to remain favourable. In March 2020 the UK government announced the second Road Investment Strategy which will provide a further £27.4 billion between 2021 and 2025. Accordingly, the indications are that the favorable market conditions experienced by the group will continue in the future.

The group'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 employees, customers and the public.

Principal risks and uncertainties

The group operates in a competitive environment but has successfully delivered year on year growth by continuing to win new contracts, maintaining good relationships with existing customers and adding new depots to access and take share in new markets across the country. The group is focusing continued attention on improving 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 natural by-product of the traffic management industry, and could directly impact the financial and reputational well-being of the business. The group 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.

FOREST TRAFFIC SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

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 group 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 company 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.

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.

Streamlined Energy and Carbon Reporting

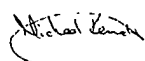
Reporting of energy consumption and emissions for the Core Highways group are included in the annual report of Core Highways Group Limited.

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 site-specific risk assessments and equipment installation takes place using an approved method statements to provide safe and COVID-secure working environments.

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

On behalf of the board



.....
M P Kennedy

Director

Date: 21/12/22
.....

FOREST TRAFFIC SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The directors present their annual report and financial statements for the year ended 30 April 2022.

Principal activities

The principal activity of the company and group continued to be the provision of 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 group 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 group'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.

Results and dividends

The results for the year are set out on page 9. Ordinary dividends were paid amounting to £8,000,000 (2021 - £nil). The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M H Hartman	(Resigned 1 September 2022)
M P Kennedy	(Appointed 1 September 2022)
I P Lewis	
E A K Stewart	(Appointed 1 February 2022)
B Sweet-Williams	(Resigned 14 September 2021)
A R Williams	(Resigned 14 October 2022)
D J Williams	(Resigned 18 March 2022)
S J White	(Appointed 20 October 2022)

Financial instruments and financial risk management

The group's principal financial instruments comprise bank balances, trade creditors, shareholder funding 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 group there is not considered to be significant exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is explained below:

- **Liquidity risk:-** With respect to bank balances the liquidity risk is managed by maintaining a balance between the various elements of working capital. The group's banking facilities provide committed banking, term debt, capital expenditure and revolving credit facilities as well as access to an asset 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. Trade creditors' liquidity risk is managed by ensuring there are sufficient funds available from working capital to meet amounts due.
- **Interest rate risk:-** The group 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.
- **Credit risk:-** The group 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.

FOREST TRAFFIC SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Auditor

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.

Energy and carbon reporting

Reporting of the group's energy consumption and emissions is included in the annual report of the ultimate parent company Core Highways Group Limited.

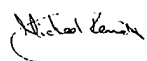
Matters disclosed in the strategic report

As permitted by Companies Act 2006, s. 414C(11), disclosure of performance, future developments and principal risks and uncertainties has been made in the strategic report rather than the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
M P Kennedy
Director

21/12/22
Date:

FOREST TRAFFIC SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2022

The directors are responsible for preparing the Strategic Report and 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 year. Under that law the directors have elected to prepare the financial statements 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 group and company, and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of 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 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2022 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including 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 group's and of the parent company's affairs as at 30 April 2022 and of the group's profit for the year 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 group and parent 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the strategic report and the directors' report for the financial year 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOREST TRAFFIC SERVICES LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 group's and the parent 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 group or the parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOREST TRAFFIC SERVICES LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected public databases maintained by the relevant regulatory authorities for any potential notices or breaches.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing the recognition of a sample of revenue items both pre and post year end with reference to the relevant contractual documentation, assessing and challenging the estimates made by management in terms of their assessment and determination of the percentage completion of relevant contractual work, which includes reviewing whether events occurring up to the date of the auditors report support the year end recognition criteria, and utilised data analytic software to identify expected and unexpected groupings of revenue transactions in order to test a sample of unexpected transactions and tested the reliability of the underlying data used to map revenue relationships.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://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.

Hywel Pegler

Hywel Pegler (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
2nd Floor
1 The Square
Temple Quay
Bristol
BS1 6DG
21/12/22

FOREST TRAFFIC SERVICES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2022

	Notes	2022 £	2021 £
Turnover	3	72,397,134	67,623,596
Cost of sales		(54,238,664)	(50,241,623)
Gross profit		18,158,470	17,381,973
Administrative expenses		(11,137,396)	(10,320,735)
Other operating income		8,025	298,939
Operating profit	6	7,029,099	7,360,177
Interest payable and similar expenses	8	(126,409)	(36,497)
Profit before taxation		6,902,690	7,323,680
Tax on profit	9	(800,265)	(940,136)
Profit for the financial year		6,102,425	6,383,544

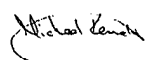
Profit for the financial year is all attributable to the owners of the parent company.

FOREST TRAFFIC SERVICES LIMITED**STATEMENTS OF FINANCIAL POSITION****AS AT 30 APRIL 2022**

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Fixed assets					
Tangible assets	11	9,364,813	5,590,214	3,256,665	1,957,900
Investments	12	-	-	5,991,823	5,991,823
		<u>9,364,813</u>	<u>5,590,214</u>	<u>9,248,488</u>	<u>7,949,723</u>
Current assets					
Stocks	14	38,165	134,991	-	-
Debtors	15	30,349,213	21,104,912	18,341,305	11,782,445
Cash at bank and in hand		<u>1,215,697</u>	<u>1,240,441</u>	<u>995,640</u>	<u>738,036</u>
		31,603,075	22,480,344	19,336,945	12,520,481
Creditors: amounts falling due within one year	16	<u>(26,072,329)</u>	<u>(15,654,445)</u>	<u>(18,681,571)</u>	<u>(10,441,687)</u>
Net current assets		<u>5,530,746</u>	<u>6,825,899</u>	<u>655,374</u>	<u>2,078,794</u>
Total assets less current liabilities		<u>14,895,559</u>	<u>12,416,113</u>	<u>9,903,862</u>	<u>10,028,517</u>
Creditors: amounts falling due after more than one year	17	<u>(4,865,993)</u>	<u>(878,376)</u>	<u>(1,686,533)</u>	<u>(39,000)</u>
Provisions for liabilities	19	<u>(389,404)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets		<u>9,640,162</u>	<u>11,537,737</u>	<u>8,217,329</u>	<u>9,989,517</u>
Capital and reserves					
Called up share capital	21	688	688	688	688
Merger reserve	22	(254,876)	(254,876)	-	-
Profit and loss reserves	22	<u>9,894,350</u>	<u>11,791,925</u>	<u>8,216,641</u>	<u>9,988,829</u>
Total equity		<u>9,640,162</u>	<u>11,537,737</u>	<u>8,217,329</u>	<u>9,989,517</u>

As permitted by s408 CA2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £6,227,812 (2021 - £4,796,273).

The financial statements were approved by the board of directors and authorised for issue on 21/12/22 and are signed on its behalf by:



M P Kennedy
Director

FOREST TRAFFIC SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2022

	Notes	Share capital £	Merger reserve £	Profit and loss reserves £	Total £
Balance at 1 May 2020		688	(254,876)	5,408,381	5,154,193
Year ended 30 April 2021:					
Profit and total comprehensive income for the year		-	-	6,383,544	6,383,544
Balance at 30 April 2021		688	(254,876)	11,791,925	11,537,737
Year ended 30 April 2022:					
Profit and total comprehensive income for the year		-	-	6,102,425	6,102,425
Dividends	10	-	-	(8,000,000)	(8,000,000)
Balance at 30 April 2022		688	(254,876)	9,894,350	9,640,162

FOREST TRAFFIC SERVICES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2020		688	5,192,556	5,193,244
Year ended 30 April 2021:				
Profit and total comprehensive income for the year		-	4,796,273	4,796,273
Balance at 30 April 2021		688	9,988,829	9,989,517
Year ended 30 April 2022:				
Profit and total comprehensive income for the year		-	6,227,812	6,227,812
Dividends	10	-	(8,000,000)	(8,000,000)
Balance at 30 April 2022		688	8,216,641	8,217,329

FOREST TRAFFIC SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	23	10,916,995		94,772	
Interest paid		(126,409)		(36,497)	
Income taxes paid		(1,291,329)		(1,084,281)	
Net cash inflow/(outflow) from operating activities		<u>9,499,257</u>		<u>(1,026,006)</u>	
Investing activities					
Purchase of tangible fixed assets		(1,770,144)		(2,578,921)	
Proceeds on disposal of tangible fixed assets		<u>640,343</u>		<u>70,178</u>	
Net cash used in investing activities		<u>(1,129,801)</u>		<u>(2,508,743)</u>	
Financing activities					
Payment of finance lease obligations		(394,200)		(467,810)	
Dividends paid to equity shareholders		<u>(8,000,000)</u>		<u>-</u>	
Net cash used in financing activities		<u>(8,394,200)</u>		<u>(467,810)</u>	
Net decrease in cash and cash equivalents		<u>(24,744)</u>		<u>(4,002,559)</u>	
Cash and cash equivalents at beginning of year		<u>1,240,441</u>		<u>5,243,000</u>	
Cash and cash equivalents at end of year		<u><u>1,215,697</u></u>		<u><u>1,240,441</u></u>	

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies

Company information

Forest Traffic Services Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Tormohun House, Barton Hill Road, Torquay, England, TQ2 8JH.

The group consists of Forest Traffic Services Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosure framework

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Core Highways Group Limited. Its consolidated financial statements are available from its registered office, Tormohun House, Barton Hill Road, Torquay, England, TQ2 8JH.

Basis of consolidation

The consolidated financial statements incorporate those of Forest Traffic Services Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

The group was created on 30 April 2021 when Forest Traffic Services Limited acquired its fellow subsidiary undertakings MLP Traffic Ltd and Barrier Services Limited from other companies in the group headed by Core Highways Group Limited.

The business combination met the definition of a group reconstruction under FRS102 and the directors chose to account for it using the merger accounting method. Under this method:

- no adjustments were made to reflect the fair values of the acquired assets and liabilities;
- no internal goodwill or new intangibles were recognised; and
- comparatives were drawn up as if the new group structure had always existed.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies (Continued)

All financial statements are made up to 30 April 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

These financial statements have been prepared on a going concern basis on the grounds that the directors consider that the group has sufficient cash resources to enable the group to continue to meet its debts as they fall due.

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. Sensitivity analysis and further detailed review was undertaken on the more judgmental areas of the forecasts, as well as a review of mitigating factors and potential upsides.

The group benefits from bank debt held by the company's immediate parent Core Highways Acquisitions Limited which is subject to cross guarantees against all entities in the group. The bank debt is subject to long term agreements with the group's banker, HSBC Bank plc, which is supportive of the group and with whom the directors maintain regular dialogue, which was demonstrated through recent updates to the facilities agreement and reset of financial covenants associated with the loans. The directors are confident of ongoing compliance against these covenants evidenced through regular reporting to HSBC.

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.

Turnover

Turnover represents net invoiced sales, excluding value added tax, from the provision of services and goods falling within the group's ordinary activities.

Revenue arising from the provision of traffic management services is recognised in the period in which the service was provided, or the goods were despatched while revenue from the hire of equipment is recognised in the period to which the hire relates.

Revenue arising from the installation of fencing is measured using contractual terms and any subsequent amendments. Revenue is recognised in proportion to the stage of completion of the contract activity.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold property	2-10 years straight line
Plant and equipment	2-10 years straight line
Fixtures and fittings	2-10 years straight line
Motor vehicles	HGVs 2-5 years straight line; Cars 25% reducing balance

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies (Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax is based on taxable profit for the year. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

1 Accounting policies (Continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In the opinion of the directors the principal judgements, estimates and assumptions made in preparing these financial statements are as follows:

Recoverability of investment carrying values

The directors regularly review the carrying value of investments to identify any indicators of impairment. Consideration is given to the future cash generation of the underlying assets through either continued use or sale. Cash flows are discounted to reflect the time value of money.

Recoverability of trade debtors and amounts receivable under contracts

The directors monitor the recovery profile of trade debtors and other amounts receivable under contracts through discussions with customers and reviewing post year end cash collection to assess the need for any allowance for doubtful debts. This includes monitoring the insurance limits applicable for specific customers from the credit insurance policy in place for the group.

Revenue recognition

The group has income streams where it is required to measure the work it has performed during the period, using contractual terms and any subsequent amendments.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Traffic management services	72,397,134	67,623,596
	<u>72,397,134</u>	<u>67,623,596</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	72,397,134	67,623,596
	<u>72,397,134</u>	<u>67,623,596</u>

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Staff	574	526	363	322
Directors	3	5	3	4
Total	<u>577</u>	<u>531</u>	<u>366</u>	<u>326</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	26,806,025	25,760,279	19,173,747	18,506,191
Social security costs	2,540,639	2,223,884	1,681,050	1,434,635
Pension costs	727,779	663,758	385,766	333,310
	<u>30,074,443</u>	<u>28,647,921</u>	<u>21,240,563</u>	<u>20,274,136</u>

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

5 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	500,956	579,689
Company pension contributions to defined contribution schemes	19,194	20,210
	<u>520,150</u>	<u>599,899</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2021 - 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	157,346	188,370
Company pension contributions to defined contribution schemes	7,650	6,799
	<u>165,000</u>	<u>195,169</u>

6 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(8,025)	(298,939)
Depreciation of owned tangible fixed assets	1,852,985	2,008,064
Depreciation of tangible fixed assets held under finance leases	773,727	387,650
Profit on disposal of tangible fixed assets	(349,029)	(16,536)
Operating lease charges	1,185,063	2,938,013
	<u>2,353,711</u>	<u>2,998,242</u>

Government grants reflect grants towards the employment costs of staff placed on furlough during the COVID-19 pandemic.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

7 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	21,500	19,800
Audit of the financial statements of the company's subsidiaries	25,000	24,600
	<u>46,500</u>	<u>44,400</u>
For other services		
Taxation compliance services	10,200	9,700
All other non-audit services	6,600	-
	<u>16,800</u>	<u>9,700</u>

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	3,678	7,295
Interest on finance leases and hire purchase contracts	118,487	28,494
Other interest	4,244	708
	<u>126,409</u>	<u>36,497</u>

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	222,220	1,084,317
Adjustments in respect of prior periods	55,496	(21)
Total current tax	277,716	1,084,296
Deferred tax		
Origination and reversal of timing differences	531,707	(144,160)
Adjustment in respect of prior periods	(9,158)	-
Total deferred tax	522,549	(144,160)
Total tax charge	800,265	940,136

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	6,902,690	7,323,680
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,311,511	1,391,499
Tax effect of expenses that are not deductible in determining taxable profit	5,884	2,078
Adjustments in respect of prior years	55,496	(21)
Group relief	(520,121)	(463,789)
Deferred tax adjustments in respect of prior years	(9,158)	-
Fixed asset differences	(136,945)	10,369
Remeasurement of deferred tax for changes in tax rates	93,598	-
Taxation charge	800,265	940,136

Factors that may affect future tax charges

On 3 March 2021, the UK Government announced an increase in the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021.

10 Dividends

	2022 £	2021 £
Recognised as distributions to equity holders:		
Final paid	8,000,000	-

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

11 Tangible fixed assets

Group	Short leasehold property	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2021	461,426	7,240,077	845,947	3,880,610	12,428,060
Additions	46,532	1,670,991	112,973	4,862,129	6,692,625
Disposals	-	(711,133)	(59,145)	(1,484,873)	(2,255,151)
At 30 April 2022	507,958	8,199,935	899,775	7,257,866	16,865,534
Depreciation and impairment					
At 1 May 2021	297,465	3,226,199	555,479	2,758,703	6,837,846
Depreciation charged in the year	75,195	1,588,544	155,791	807,182	2,626,712
Eliminated in respect of disposals	-	(454,457)	(57,971)	(1,451,409)	(1,963,837)
At 30 April 2022	372,660	4,360,286	653,299	2,114,476	7,500,721
Carrying amount					
At 30 April 2022	135,298	3,839,649	246,476	5,143,390	9,364,813
At 30 April 2021	163,961	4,013,878	290,468	1,121,907	5,590,214
Company					
	Short leasehold property	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 2021	317,248	4,325,665	598,095	1,359,630	6,600,638
Additions	41,676	711,354	85,309	1,700,668	2,539,007
Disposals	-	(289,597)	(58,715)	(51,584)	(399,896)
At 30 April 2022	358,924	4,747,422	624,689	3,008,714	8,739,749
Depreciation and impairment					
At 1 May 2021	238,134	2,892,782	422,326	1,089,496	4,642,738
Depreciation charged in the year	39,862	845,956	103,834	226,698	1,216,350
Eliminated in respect of disposals	-	(266,510)	(57,910)	(51,584)	(376,004)
At 30 April 2022	277,996	3,472,228	468,250	1,264,610	5,483,084
Carrying amount					
At 30 April 2022	80,928	1,275,194	156,439	1,744,104	3,256,665
At 30 April 2021	79,114	1,432,883	175,769	270,134	1,957,900

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

11 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and equipment	845,322	837,591	-	-
Motor vehicles	4,731,266	926,014	1,426,711	84,000
	<u>5,576,588</u>	<u>1,763,605</u>	<u>1,426,711</u>	<u>84,000</u>

12 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	13	-	-	5,991,823	5,991,823

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 May 2021 and 30 April 2022	5,991,823
Carrying amount	
At 30 April 2022	5,991,823
At 30 April 2021	5,991,823

13 Subsidiaries

Details of the company's subsidiaries at 30 April 2022 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct
MLP Traffic Ltd	Traffic management and associated services	Ordinary	100.00
Barrier Services Limited	Road barrier erection	Ordinary	100.00

The registered office of both these subsidiaries is Tormohun House, Barton Hill Road, Torquay, TQ2 8JH.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

14 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	38,165	57,519	-	-
Work in progress	-	77,472	-	-
	<u>38,165</u>	<u>134,991</u>	<u>-</u>	<u>-</u>

15 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	7,826,516	6,891,462	4,887,818	4,239,547
Gross amounts owed by contract customers	5,159,776	5,142,439	1,450,406	2,821,032
Corporation tax recoverable	1,013,613	-	1,013,613	-
Amounts owed by group undertakings	14,904,315	8,289,385	10,620,445	4,252,932
Other debtors	40,568	52,615	9,003	19,744
Prepayments and accrued income	1,404,425	595,866	259,491	353,522
	<u>30,349,213</u>	<u>20,971,767</u>	<u>18,240,776</u>	<u>11,686,777</u>
Deferred tax asset (note 19)	-	133,145	100,529	95,668
	<u>30,349,213</u>	<u>21,104,912</u>	<u>18,341,305</u>	<u>11,782,445</u>

In the group figures shown above, gross amounts owed by contract customers include £108,423 (2021 - £129,913) falling due after more than one year. In the company figures shown above, gross amounts owed by contract customers include £nil (2021 - £8,243) falling due after more than one year.

16 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Obligations under finance leases	18	1,042,478	501,814	128,302	45,616
Trade creditors		5,139,931	5,730,772	2,134,713	2,003,118
Amounts owed to group undertakings		15,972,614	6,597,289	14,556,210	6,523,678
Other taxation and social security		1,001,018	743,201	766,319	577,073
Other creditors		179,749	340,485	87,922	262,716
Accruals and deferred income		2,736,539	1,740,884	1,008,105	1,029,486
		<u>26,072,329</u>	<u>15,654,445</u>	<u>18,681,571</u>	<u>10,441,687</u>

Obligations under finance leases are secured on the underlying assets.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

17 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Obligations under finance leases	18	4,865,993	878,376	1,686,533	39,000

Obligations under finance leases are secured on the underlying assets.

18 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Less than one year	1,333,077	540,163	328,810	46,790
Between one and five years	5,102,144	918,597	1,728,421	39,839
	6,435,221	1,458,760	2,057,231	86,629
Less: future finance charges	(526,750)	(78,570)	(242,396)	(2,013)
	5,908,471	1,380,190	1,814,835	84,616

Finance lease payments represent rentals payable by the company or group for certain items of plant and equipment and motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is five years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Fixed asset timing differences	(401,944)	-	-	121,549
Short term timing differences	12,540	-	-	11,596
	(389,404)	-	-	133,145

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

19 Deferred taxation (Continued)

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Company				
Fixed asset timing differences	-	-	93,235	88,898
Short term timing differences	-	-	7,294	6,770
	<u>-</u>	<u>-</u>	<u>100,529</u>	<u>95,668</u>
			Group 2022 £	Company 2022 £
Movements in the year:				
Asset at 1 May 2021			133,145	95,668
(Charge)/credit to profit or loss			(522,549)	4,861
(Liability)/Asset at 30 April 2022			<u>(389,404)</u>	<u>100,529</u>

It is not possible to state the extent to which the deferred tax assets and liabilities set out above are expected to reverse within the next twelve months because reversal depends on several factors which cannot be reliably estimated.

20 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>727,779</u>	<u>663,758</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>688</u>	<u>688</u>	<u>688</u>	<u>688</u>

The company has one class of ordinary shares. The shares carry no right to fixed income. Each share carries the right to one vote at general meetings of the company.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2022

22 Reserves

Merger reserve

The merger reserve arose on the group reconstruction enacted on 30 April 2021 when Forest Traffic Services Limited acquired its sister companies MLP Traffic Ltd and Barrier Services Limited.

Profit and loss reserves

Profit and loss reserves reflect cumulative profits and losses net of distributions to owners.

23 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	6,102,425	6,383,544
Adjustments for:		
Taxation charged	800,265	940,136
Finance costs	126,409	36,497
Gain on disposal of tangible fixed assets	(349,029)	(16,536)
Depreciation and impairment of tangible fixed assets	2,626,712	2,395,714
Movements in working capital:		
Decrease/(increase) in stocks	96,826	(81,991)
Increase in debtors	(8,363,833)	(10,860,767)
Increase in creditors	9,877,220	1,298,175
Cash generated from operations	10,916,995	94,772

24 Analysis of changes in net debt - group

	1 May 2021 £	Cash flows £	New finance leases £	30 April 2022 £
Cash at bank and in hand	1,240,441	(24,744)	-	1,215,697
Obligations under finance leases	(1,380,190)	394,200	(4,922,481)	(5,908,471)
	<u>(139,749)</u>	<u>369,456</u>	<u>(4,922,481)</u>	<u>(4,692,774)</u>

25 Financial commitments, guarantees and contingent liabilities

Group bank loans, as disclosed in the accounts of Core Highways Acquisitions Limited, are secured by HSBC Bank Plc and GLAS Trust Corporation through a group cross-guarantee which provides a fixed and floating charge over the assets of all companies in the Core Highways group.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2022

26 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	1,164,807	797,000	302,894	371,000
Between one and five years	1,432,630	1,870,000	436,794	596,000
In over five years	140,934	271,000	36,934	56,000
	<u>2,738,371</u>	<u>2,938,000</u>	<u>776,622</u>	<u>1,023,000</u>

27 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Acquisition of tangible fixed assets	<u>2,458,408</u>	<u>687,051</u>	<u>1,854,909</u>	<u>116,400</u>

28 Related party transactions

The group has taken advantage of the exemption available in FRS 102 Section 33 and has not disclosed details of transactions or balances between wholly-owned group companies.

Details of transactions with other related parties are set out below.

During the year the company and group paid rent of £19,833 (2021 - £24,000) to certain group directors on market rate terms. At the year end, £1,700 of this amount was included in prepayments (2021 - £1,000 was included in creditors).

29 Controlling party

The immediate parent company is Core Highways Acquisitions Limited. The ultimate parent company is Core Highways Group Limited. Both companies are incorporated in the United Kingdom and registered in England and Wales. Core Highways Group Limited heads the largest and smallest group in which the results and financial position of the company are consolidated. Its consolidated financial statements can be obtained from its registered office, Tormohun House, Barton Hill Road, Torquay, England, TQ2 8JH. In the opinion of the directors, Core Highways Group Limited has no ultimate controlling party.