

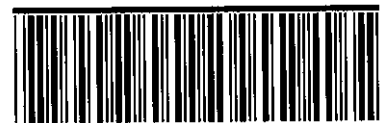
ABBREVIATED ACCOUNTS

Forest Traffic Signals Limited

Registered No 01664145

31 JULY 1995

 ERNST & YOUNG



A23 *AVK4TLZ6* 132
COMPANIES HOUSE 30/05/96

REPORT OF THE AUDITORS
to the directors of Forest Traffic Signals Limited

We have examined the abbreviated accounts on pages 4 to 7 together with the full accounts of Forest Traffic Signals Limited for the period ended 31 July 1995. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 4 and that the abbreviated accounts have been properly prepared from the full accounts.

In our opinion the directors are entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the period ended 31 July 1995 and the abbreviated accounts on pages 4 to 7 have been properly prepared in accordance with Schedule 8 to that Act.

As auditors of the company, we reported to the members on 30 May 1996 on the full accounts prepared under section 226 of the Companies Act 1985 for the period ended 31 July 1995, and our audit report was as follows:

"We have audited the accounts on pages 6 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 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.

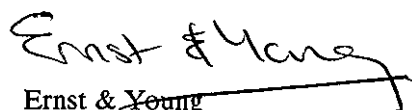
REPORT OF THE AUDITORS
to the directors of Forest Traffic Signals Limited (continued)

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the accounts concerning their preparation on a going concern basis. The validity of this basis depends on the company's future funding requirements being met. The accounts do not include any adjustment which would result should the going concern basis prove invalid. Our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 July 1995 and of the profit of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985".



~~Ernst & Young~~
Chartered Accountants
Registered Auditor
Cardiff

30 May 1996

Forest Traffic Signals Limited

ABBREVIATED BALANCE SHEET

at 31 July 1995

	<i>Note</i>	<i>1995</i> £	<i>30 April</i> <i>1994</i> £
FIXED ASSETS			
Tangible assets	2	229,175	342,729
CURRENT ASSETS			
Stocks		10,000	14,976
Debtors		313,891	257,935
Cash at bank and in hand		115,998	146,344
		<u>439,889</u>	<u>419,255</u>
CREDITORS: amounts falling due within one year	3	331,752	247,185
NET CURRENT ASSETS		<u>108,137</u>	<u>172,070</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		337,312	514,799
CREDITORS: amounts falling due after more than one year			
Obligations under hire purchase contracts		6,840	-
NET ASSETS		<u><u>330,472</u></u>	<u><u>514,799</u></u>
CAPITAL AND RESERVES			
Share capital	4	688	100
Revaluation reserve		25,658	68,423
Profit and loss account		304,126	446,276

The directors have taken advantage of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the grounds that the company is entitled to the benefit of those exemptions as a small company.

	Director	<u>330,472</u>	<u>514,799</u>
<u>29th May 96</u>	Date	<u><u>330,472</u></u>	<u><u>514,799</u></u>

Forest Traffic Signals Limited

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 July 1995

1 ACCOUNTING POLICIES

Fundamental accounting concept

As disclosed in note 12 to the accounts, the company has given cross guarantees to secure the debts of its ultimate parent undertaking Crestacre Traffic Management Limited ("Crestacre"). In addition, cash generated by the company from trading operations is in turn paid up to Crestacre to enable the latter to meet its financial obligations.

Due to adverse trading conditions since the year end however there is uncertainty as to whether the company will be able to generate sufficient funds to enable the combined obligations of both itself and Crestacre to be met for the foreseeable future.

The accounts have been prepared under the going concern concept on the basis that either sufficient funds will be generated from the company's trading operations to enable the obligations to be met or that such obligations will be renegotiated over an extended period.

Should this not be the case the going concern basis would be invalid and adjustments would have to be made to reduce the value of assets to their realisable amount, to provide for any further liabilities which might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, 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:	20% per annum
Plant and machinery:	25% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided using the liability method of all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The corresponding lease or hire purchase obligations is capitalised in the balance sheet as a liability. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Forest Traffic Signals Limited

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 July 1995

1 ACCOUNTING POLICIES (continued)

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 TANGIBLE FIXED ASSETS

	<i>Total</i>
	£
Cost or valuation:	
At 1 May 1994	989,979
Additions	164,052
Disposals	(300,601)
At 31 July 1995	<u>853,430</u>
Depreciation:	
At 1 May 1994	647,250
Provided during the year	190,885
Disposals	(213,880)
At 31 July 1995	<u>624,255</u>
Net book value:	
At 31 July 1995	<u>229,175</u>
At 1 May 1994	<u>342,729</u>

The company's plant and machinery was valued by the directors during the year ended 30 April 1991. The surplus of £171,059 arising was credited to the revaluation reserve. An amount equal to the excess of the depreciation charged over the depreciation based on historical cost is transferred annually from the revaluation reserve to the profit and loss account.

The net book value of fixed assets above includes an amount of £11,980 (1994: £nil) in respect of assets held under hire purchase contracts.

3 CREDITORS: amounts falling due within one year

Included within the above are a bank overdraft of £Nil (1994: £1,925) which is secured by a fixed and floating charge on the assets of the company. Also included are amounts owed to a parent undertaking of £7,753 (1994 £Nil).

The company has given a cross bank guarantee to secure the borrowings of its ultimate parent undertaking, Crestacre Traffic Management Limited, and those of its related undertakings PAB Holdings Limited and Bridge Hire Services Limited.

The company has also granted 3i Plc a fixed and floating charge to secure the debts of its ultimate parent undertaking.

Forest Traffic Signals Limited

NOTES TO THE ABBREVIATED ACCOUNTS

at 31 July 1995

4 SHARE CAPITAL

	<i>1995</i>	<i>30 April 1994</i>
Authorised		
Ordinary shares of £1 each	700	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	688	100
	<u> </u>	<u> </u>

During the period the company issued 588 ordinary shares of £1 each at par. This was to expand the capital base of the company.

5 RELATED PARTY TRANSACTIONS

The company paid £50,000 rent to G R Peterson and H R Peterson, former directors of the company, during the period for the rent of the company's operating premises at Albany Street, Newport.