

COMPANY REGISTRATION NUMBER: 01664145

FOREST TRAFFIC SERVICES LIMITED
FINANCIAL STATEMENTS
31 MARCH 2017

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FOREST TRAFFIC SERVICES LIMITED

FINANCIAL STATEMENTS

Year ended 31 March 2017

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FOREST TRAFFIC SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr A R Williams
Mr D J Williams
Mr R J Coppock
Mrs B Sweet-Williams
Mr I P Lewis

Company secretary

Mrs T D Evans

Registered office

Forest House
Broad Quay Road
Felnex Industrial Estate
Newport
NP19 4PN

Auditor

Kilsby & Williams LLP
Chartered accountant & Statutory Auditor
Cedar House
Hazell Drive
Newport
NP10 8FY

Bankers

National Westminster Bank plc
96 Queen Street
Cardiff
CF10 2GR

FOREST TRAFFIC SERVICES LIMITED

STRATEGIC REPORT

Year ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

Review of the business

The Company provides 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 Company 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 Company'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.

Results & Performance

The results for the financial period under review are set out on page 8.

Revenue levels exceeded expectations as a result of consistent positive workload and continuous expenditure through major contracts. This in turn elevated overall profit levels for the financial year.

Business Environment

The traffic management industry can, in general, be split into two broad categories, fast road work, known as 12AB work, and urban and rural work, known as 12D work, with most traffic management companies choosing to focus on one category. The company, however, operates in both categories, following the strategy detailed below to maximise opportunity and growth and mitigate the workflow volatility risk.

In recent years reductions in government spending have impacted most severely on new build projects, with spending on RMI remaining robust. Whilst this has clearly had an impact on the size of the market place for traffic management services, RMI work comprises a larger percentage of the industry and has thus mitigated the reduction. Additionally, it is difficult for RMI work to be delayed, as to do so, would result in a deterioration of the infrastructure network, resulting in RMI spending being more robust and predictable in nature.

Strategy

The Company's success is dependent on the proper selection, pricing, delivery and on-going management of the contracts it accepts, to maximise profitability and mitigate the risk of workflow volatility. Forest actively pursues contracts in both market categories to exploit our regional capabilities and to maintain a diversified portfolio of contracts thereby mitigating the workflow volatility risk.

Key Performance Indicators (KPI's)

We have made further significant progress throughout the year in relation to key elements of our strategy. The Board monitors the progress of the Company by reference to the following KPI's:

- Financial - reviewing and maximising contract profitability
- Financial - maximising cash generation
- Financial - continual review and alignment of costs
- Employee satisfaction
- Customer satisfaction
- Service - right first time with emphasis on safety, quality and environmental performance

Principal Risks & Uncertainties

The main risk facing the Company is the volatility and disruption in government spending on infrastructure. The Company has in place a strategy that actively seeks to mitigate and manage this risk and any consequences of a reduction in workload within its control.

Future Developments

In the current economic climate, with high workload and improved pricing, the business strategy and model have provided a firm foundation for growth within the existing regions of operation and exploitation of the

FOREST TRAFFIC SERVICES LIMITED

STRATEGIC REPORT *(continued)*

Year ended 31 March 2017

many opportunities available in the industry.

This report was approved by the board of directors on 02.10.17..... and signed on behalf of the board by:



Mr A R Williams
Director

FOREST TRAFFIC SERVICES LIMITED

DIRECTORS' REPORT

Year ended 31 March 2017

The directors present their report and the financial statements of the company for the year ended 31 March 2017.

Directors

The directors who served the company during the year were as follows:

Mr A R Williams
Mr D J Williams
Mr R J Coppock
Mrs B Sweet-Williams
Mr I P Lewis
Mr A E Lane (Resigned 29 July 2016)

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 we set out in the company's strategic report information required by schedule 7 of the Large and Medium sized companies and Groups (Accounts and report) Regulations 2008.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position 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.

FOREST TRAFFIC SERVICES LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 31 March 2017

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on ...02/10/17..... and signed on behalf of the board by:



Mr A R Williams
Director



**KILSBY
WILLIAMS**
Chartered Accountants

FOREST TRAFFIC SERVICES LIMITED

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

Year ended 31 March 2017

We have audited the financial statements of Forest Traffic Services Limited for the year ended 31 March 2017 which comprise the profit and loss account, balance sheet, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor

As explained more fully in the directors' responsibilities statement, 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 and express an opinion on the financial statements in accordance with applicable law 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 of 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 directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**KILSBY
WILLIAMS**
Chartered Accountants

FOREST TRAFFIC SERVICES LIMITED

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

Year ended 31 March 2017

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.

Jonathan Harry

Jonathan Harry (Senior Statutory Auditor)

12/10/17

For and on behalf of
Kilsby & Williams LLP
Chartered accountant & statutory auditor
Cedar House
Hazell Drive
Newport
NP10 8FY

FOREST TRAFFIC SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2017

	Note	2017 £	2016 £
TURNOVER	4	20,173,618	16,919,661
Cost of sales		(14,957,733)	(12,313,838)
GROSS PROFIT		5,215,885	4,605,823
Administrative expenses		(3,928,499)	(3,967,366)
Other operating income	5	70	4,078
OPERATING PROFIT	6	1,287,456	642,535
Interest payable and similar expenses	10	(77,262)	(77,313)
PROFIT BEFORE TAXATION		1,210,194	565,222
Tax on profit	11	(241,576)	(120,198)
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u>968,618</u>	<u>445,024</u>
Dividends paid and payable	12	(1,485,000)	-
RETAINED EARNINGS AT THE START OF THE YEAR		<u>1,616,411</u>	<u>1,171,387</u>
RETAINED EARNINGS AT THE END OF THE YEAR		<u>1,100,029</u>	<u>1,616,411</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 21 form part of these financial statements.

FOREST TRAFFIC SERVICES LIMITED

BALANCE SHEET

31 March 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	13	1,353,355	1,327,804
Investments	14	<u>1</u>	<u>1</u>
		1,353,356	1,327,805
CURRENT ASSETS			
Stocks	15	467,600	313,202
Debtors	16	5,600,935	4,583,950
Cash at bank and in hand		<u>442,936</u>	<u>172,117</u>
		6,511,471	5,069,269
CREDITORS: amounts falling due within one year	17	<u>(6,554,531)</u>	<u>(4,488,635)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(43,060)</u>	<u>580,634</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,310,296	1,908,439
CREDITORS: amounts falling due after more than one year	18	(115,042)	(183,695)
PROVISIONS			
Deferred tax	20	<u>(94,537)</u>	<u>(107,645)</u>
NET ASSETS		<u>1,100,717</u>	<u>1,617,099</u>
CAPITAL AND RESERVES			
Called up share capital	24	688	688
Profit and loss account	25	<u>1,100,029</u>	<u>1,616,411</u>
MEMBERS FUNDS		<u>1,100,717</u>	<u>1,617,099</u>

These financial statements were approved by the board of directors and authorised for issue on 21.03.2017, and are signed on behalf of the board by:



Mr A R Williams
Director

Company registration number: 01664145

The notes on pages 11 to 21 form part of these financial statements.

FOREST TRAFFIC SERVICES LIMITED

CASH FLOW STATEMENT

Year ended 31 March 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	968,618	445,024
<i>Adjustments for:</i>		
Depreciation of tangible assets	379,557	365,869
Interest payable and similar expenses	77,262	77,313
Loss on disposal of tangible assets	-	3,121
Tax on profit	241,576	120,198
Accrued expenses	246,539	144,152
<i>Changes in:</i>		
Stocks	(154,398)	(77,569)
Trade and other debtors	(1,016,985)	(659,052)
Trade and other creditors	192,904	505,356
Cash generated from operations	935,073	924,412
Interest paid	(77,262)	(77,313)
Tax paid	(93,103)	(79,746)
Net cash from operating activities	<u>764,708</u>	<u>767,353</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(405,108)	(272,221)
Acquisition of subsidiaries	-	(1)
Net cash used in investing activities	<u>(405,108)</u>	<u>(272,222)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowings	-	(100,000)
Proceeds from loans from group undertakings	1,506,696	-
Repayments of loans from group undertakings	-	(113,034)
Payments of finance lease liabilities	(110,477)	(311,625)
Dividends paid	(1,485,000)	-
Net cash used in financing activities	<u>(88,781)</u>	<u>(524,659)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	270,819	(29,528)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>172,117</u>	<u>201,645</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>442,936</u>	<u>172,117</u>

The notes on pages 11 to 21 form part of these financial statements.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2017

1. GENERAL INFORMATION

The company is a private company limited by shares and is incorporated and domiciled in England and Wales. The principal place of business and registered office is Forest House, Broad Quay Road, Felnax Industrial Estate, Newport, NP19 4PN.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Invoice discounting

The company has in place an invoice discount facility based on the value of trade receivables. Under this arrangement the company has retained both the credit and late payment risk associated with the receivables. As the company has retained substantially all the risk and rewards of ownership of the receivables, it continues to recognise the receivables in the balance sheet with advances from the facility provider treated as a separate liability.

The expenses associated with this facility are included within interest payable within the profit & loss account.

Classification of invoice discounting facility in the cash flow statement

FRS 102 does not provide guidance on the treatment of factored debts in a cash flow statement. The invoice discounting facility factors debts with recourse, with the advances from the factor treated as other creditors in the balance sheet. FRS 102 requires cash flows to be analysed under the standard headings according to the substance of the transactions that give rise to them. Cash inflows and outflows relating to the invoice discounting facility are assessed to be an operating cash flow. Cash flows from the receivables are also included within operating cash flows as if the factoring had not been entered into. Management feel this method of presentation best reflects the substance of the relationship entered into.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2017

3. ACCOUNTING POLICIES *(continued)*

Turnover *(continued)*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	-	Over the term of the lease
Plant and machinery	-	Over 2 - 8 years
Fixtures and fittings	-	Over 3 years
Motor vehicles	-	Over 3 - 5 years

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2017

3. ACCOUNTING POLICIES *(continued)*

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Stocks consist of signs, cones and other sundry traffic management items purchased for minor works contracts. The value is calculated on a percentage of cost of sales based on the value of minor works contracts performed during the year.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2017

3. ACCOUNTING POLICIES *(continued)*

Financial 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 entity after deducting all of its financial liabilities. Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. TURNOVER

Turnover arises from:

	2017	2016
	£	£
Rendering of services	20,173,618	16,919,661

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. OTHER OPERATING INCOME

	2017	2016
	£	£
Other operating income	70	4,078

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2017

6. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	379,557	365,869
Loss on disposal of tangible assets	–	3,121
	<u> </u>	<u> </u>

7. AUDITOR'S REMUNERATION

	2017	2016
	£	£
Fees payable for the audit of the financial statements	6,750	6,750
	<u> </u>	<u> </u>

8. STAFF COSTS

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Production staff	169	160
Administrative staff	32	32
Management staff	20	21
	<u> </u>	<u> </u>
	221	213
	<u> </u>	<u> </u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	9,461,474	8,638,943
Social security costs	778,321	671,316
Other pension costs	82,012	69,324
	<u> </u>	<u> </u>
	10,321,807	9,379,583
	<u> </u>	<u> </u>

9. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	230,266	266,312
Company contributions to defined contribution pension plans	12,184	13,411
	<u> </u>	<u> </u>
	242,450	279,723
	<u> </u>	<u> </u>

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2017

9. DIRECTORS' REMUNERATION *(continued)*

The number of directors who accrued benefits under company pension plans was as follows:

	2017	2016
	No.	No.
Defined contribution plans	<u>4</u>	<u>4</u>

Remuneration of the highest paid director in respect of qualifying services:

	2017	2016
	£	£
Aggregate remuneration	95,628	92,991
Company contributions to defined contribution pension plans	3,833	3,600
	<u>99,461</u>	<u>96,591</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Interest on banks loans and overdrafts	33,001	32,165
Interest on obligations under finance leases and hire purchase contracts	44,261	45,148
	<u>77,262</u>	<u>77,313</u>

11. TAX ON PROFIT

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	254,684	93,103
Deferred tax:		
Origination and reversal of timing differences	(13,108)	27,095
Tax on profit	<u>241,576</u>	<u>120,198</u>

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2017

11. TAX ON PROFIT *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017	2016
	£	£
Profit on ordinary activities before taxation	1,210,194	565,222
Profit on ordinary activities by rate of tax	242,039	113,044
Effect of expenses not deductible for tax purposes	7,646	9,031
Effect of capital allowances and depreciation	(7,923)	3,789
Effect of different UK tax rates on some earnings	-	(5,666)
Other tax adjustments	(186)	-
Tax on profit	<u>241,576</u>	<u>120,198</u>

12. DIVIDENDS

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017	2016
	£	£
Dividends on equity shares	<u>1,485,000</u>	<u>-</u>

13. TANGIBLE ASSETS

	Land and buildings	Plant and machinery	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2016	305,586	2,440,966	437,826	921,822	4,106,200
Additions	59,796	158,462	32,170	154,680	405,108
Disposals	-	(322,690)	-	-	(322,690)
At 31 March 2017	<u>365,382</u>	<u>2,276,738</u>	<u>469,996</u>	<u>1,076,502</u>	<u>4,188,618</u>
Depreciation					
At 1 April 2016	183,607	1,568,566	395,615	630,608	2,778,396
Charge for the year	19,758	174,862	34,769	150,168	379,557
Disposals	-	(322,690)	-	-	(322,690)
At 31 March 2017	<u>203,365</u>	<u>1,420,738</u>	<u>430,384</u>	<u>780,776</u>	<u>2,835,263</u>
Carrying amount					
At 31 March 2017	<u>162,017</u>	<u>856,000</u>	<u>39,612</u>	<u>295,726</u>	<u>1,353,355</u>
At 31 March 2016	<u>121,979</u>	<u>872,400</u>	<u>42,211</u>	<u>291,214</u>	<u>1,327,804</u>

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2017

13. TANGIBLE ASSETS *(continued)*

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Equipment
	£
At 31 March 2017	440,787
At 31 March 2016	<u>667,004</u>

14. INVESTMENTS

	Shares in group undertakings
	£
Cost	
At 1 April 2016 and 31 March 2017	1
Impairment	
At 1 April 2016 and 31 March 2017	-
Carrying amount	
At 31 March 2017	<u>1</u>

The company owns 100% of the ordinary share capital of Advance Traffic Control Limited. Advance Traffic Control Limited is incorporated in England and Wales and is a dormant company.

15. STOCKS

	2017	2016
	£	£
Stock	<u>467,600</u>	<u>313,202</u>

16. DEBTORS

	2017	2016
	£	£
Trade debtors	5,256,148	4,137,950
Prepayments and accrued income	302,872	418,649
Other debtors	41,915	27,351
	<u>5,600,935</u>	<u>4,583,950</u>

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2017

17. CREDITORS: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1,824,084	1,245,716
Amounts owed to group undertakings	1,670,680	163,984
Accruals and deferred income	590,899	344,360
Corporation tax	254,684	93,103
Social security and other taxes	731,926	698,437
Obligations under finance leases and hire purchase contracts	218,924	260,748
Other creditors	1,263,334	1,682,287
	<u>6,554,531</u>	<u>4,488,635</u>

An amount of £1,068,330 (2016 - £1,445,627) in other creditors is secured on debtors.

The hire purchase liabilities are secured on the assets to which they relate.

18. CREDITORS: amounts falling due after more than one year

	2017	2016
	£	£
Obligations under finance leases and hire purchase contracts	<u>115,042</u>	<u>183,695</u>

19. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2017	2016
	£	£
Not later than 1 year	218,924	260,748
Later than 1 year and not later than 5 years	115,042	183,695
	<u>333,966</u>	<u>444,443</u>

20. PROVISIONS

	Deferred tax (note 21) £
At 1 April 2016	107,645
Additions	(13,108)
At 31 March 2017	<u>94,537</u>

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2017

21. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

	2017	2016
	£	£
Included in provisions (note 20)	<u>94,537</u>	<u>107,645</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	96,590	110,116
Deferred tax - other timing differences	<u>(2,053)</u>	<u>(2,471)</u>
	<u>94,537</u>	<u>107,645</u>

The net deferred tax liability is expected to reduce in 2018 by £2,000. This primarily relates to the origination of new timing differences on tangible fixed assets.

22. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £69,828 (2016: £55,913).

23. FINANCIAL INSTRUMENTS

The carrying amount for each category of financial instrument is as follows:

	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>5,840,999</u>	<u>4,177,951</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>4,382,964</u>	<u>3,880,755</u>

24. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>688</u>	<u>688</u>	<u>688</u>	<u>688</u>

FOREST TRAFFIC SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 March 2017

25. RESERVES

Called up share capital - This represents the nominal value of shares that have been issued.

Profit and loss account - This reserve records retained earnings and accumulated losses.

26. OPERATING LEASES

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	298,961	298,825
Later than 1 year and not later than 5 years	512,936	565,292
Later than 5 years	283,750	325,885
	<u>1,095,647</u>	<u>1,190,002</u>

27. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

There are no directors loan account balances at 31 March 2017 or 2016.

28. RELATED PARTY TRANSACTIONS

The company's ultimate joint controlling parties are the directors Mr A R Williams and Mr D J Williams.

The company has taken advantage of the exemption under FRS 102 not to disclose transactions with entities, 100% of whose voting rights are controlled within the group and whose results are included within the ultimate parent undertaking's financial statements.

29. CONTROLLING PARTY

The company is a wholly owned subsidiary of Forest Support Services Limited, the immediate and ultimate parent undertaking. Copies of the financial statements of that company are available from Forest Support Services Limited, Forest House, Broad Quay Road, Felnax Industrial Estate, Newport Gwent, NP19 4PN.