

Financial Statements  
H W Martin (Traffic Management)  
Limited

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For the Year Ended 31 July 2017

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COMPANIES HOUSE

Registered number: 02221214

**H W Martin (Traffic Management) Limited**

## Company Information

**Directors**

H W Martin  
K Martin  
G R Beswick  
N C Faulconbridge

**Registered number**

02221214

**Registered office**

Fordbridge Lane  
Blackwell  
Alfreton  
Derbyshire  
DE55 5JY

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
2 Broadfield Court  
SHEFFIELD  
South Yorkshire  
S8 0XF

**Bankers**

Barclays Bank PLC  
Derby Business Centre  
PO Box 493  
Sir Frank Whittle Road  
DERBY  
DE1 9UU

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# Strategic Report

For the Year Ended 31 July 2017

## Introduction

The directors present their Strategic report for the year ended 31 July 2017.

## Principal activities and business review

The principal activities of H W Martin (Traffic Management) Limited (the Company) are as follows:

- The design, installation and maintenance of traffic management systems on motorways and high speed dual carriageways.

The Company continues to deliver attractive financial results despite significant costs being incurred during the year arising from the ending of several large contracts and the start-up of new contracts. The balance sheet continues to strengthen and befits that of a much larger organisation.

Significant long-term contract awards have been secured for the A14 Cambridge to Huntingdon Bypass and Highways England Construction Works Framework Contracts for Areas 13 and 14 in the north of England.

The Company's success continues to be backed by Group resources, most recently with the purchase of a six-acre site with offices and large building at Chester-Lee-Street and a continuation of the renewal and expansion program of the vehicle fleet, funded from cash reserves without incumbent finance cost to ensure the Company maintains its position as the UK's leading traffic management specialist.

The board of Directors will encourage further expansion and a broadening of the portfolio of services the Company is able to offer our clients and will continue to authorise investment from substantial Group reserves as required.

The Company continues to look to ways to improve its environmental performance and reduce the environmental impact of its activities and remains committed to a management system conforming to the 14001 Environmental Standard.

## Principal risks and uncertainties

The identification, assessment and management of opportunities and associated risks are an integral element of the business of H W Martin (Traffic Management) Limited. Principal risks are:

- The effect of new legislation and regulation. The impact of which on operations may potentially increase costs. This risk is considered as a part of the tender approval process.
- Competitive risk. Contracts are secured by competitive tender and therefore no future contracts are guaranteed. The Company continues to maintain a very competitive cost base and actively pursues "preferred supplier" status with Clients to give the best possible commercial advantage and targets long term contracts.
- Health and safety. H W Martin (Traffic Management) Limited acknowledges that its employees work within a hazardous environment and training is given to reflect and mitigate this risk. Policies and procedures are continually monitored and reviewed. The Company has achieved a RoSPA Gold Award for occupational safety for the third consecutive year. The Group maintains its commitment to the 18001 Health and Safety standard and to the Contractors Health and Safety Scheme (CHAS).
- Financial risk. The main risk arising from the Company's financial instruments is liquidity risk. This risk is managed by maintaining a high cash reserve and by capital funding from the Martin Group providing sufficient liquidity to finance the Company's operations and to meet unanticipated costs.

**H W Martin (Traffic Management) Limited**

## **Strategic Report (continued)**

**For the Year Ended 31 July 2017**

### **Financial key performance indicators**

The Company's key financial and performance indicators for the year are:

1. Sales maintained at almost £40 million.
2. Net profit margin of 4.8%.
3. Further increase in total net assets of over £1 million to in excess of £9 million.

This report was approved by the board and signed on its behalf.



**N C Faulconbridge**  
Director

Date: 18 December 2017

## Directors' Report

For the Year Ended 31 July 2017

The directors present their report and the financial statements for the year ended 31 July 2017.

### Results and dividends

The profit for the year, after taxation, amounted to £1,846,934 (2016: £3,126,181).

Particulars of dividends are detailed in note 11 to the financial statements.

### Directors

The directors who served during the year were:

H W Martin  
K Martin  
G R Beswick  
N C Faulconbridge

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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 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 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' Report (continued)

For the Year Ended 31 July 2017

### **Going concern**

The company funds both day-to-day operations and longer-term strategic development from its liquid resources, including the working capital generated from operations. The directors have considered the level of the liquid resources and the expected future profitability of both the company and the wider H W Martin group, and are satisfied that, under anticipated trading conditions, there are sufficient available resources for the company to meet its trading requirements through a period of at least 12 months from the date of signing these financial statements. For this reason they have concluded that it is appropriate to use the going concern basis in presenting these financial statements.

### **Employee involvement**

A policy of equal opportunity employment is followed at all times by the company. During the year, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

### **Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirm that:

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

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

H W Martin (Traffic Management) Limited

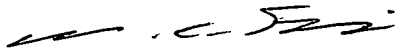
## Directors' Report (continued)

For the Year Ended 31 July 2017

### Post balance sheet events

There have been no significant events affecting the Company since the year end.

This report was approved by the board and signed on its behalf.



N C Faulconbridge  
Director

Date: 18 December 2017





## Independent Auditor's Report to the Members of H W Martin (Traffic Management) Limited

### Opinion

We have audited the financial statements of H W Martin (Traffic Management) Limited for the year ended 31 July 2017, which comprise the Statement of income and retained earnings, the Statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards, (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 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.

### 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 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.

### Who we are reporting to

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.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## Independent Auditor's Report to the Members of H W Martin (Traffic Management) Limited (continued)

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic report and the Directors' report set out on pages 1 - 5, other than the financial statements and our auditor's report thereon. 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. In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the 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 has been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

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, 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.



## Independent Auditor's Report to the Members of H W Martin (Traffic Management) Limited (continued)

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read "Paul Houghton".

Paul Houghton  
Senior statutory auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Sheffield

18 December 2017

## Statement of Income and Retained Earnings

For the Year Ended 31 July 2017

	Note	2017 £	2016 £
Turnover	4	38,622,876	40,742,094
Cost of sales		(31,243,043)	(32,040,456)
<b>Gross profit</b>		<b>7,379,833</b>	<b>8,701,638</b>
Administrative expenses		(5,057,300)	(4,797,022)
<b>Operating profit</b>	5	<b>2,322,533</b>	<b>3,904,616</b>
Interest receivable and similar income	9	14	334
<b>Profit before tax</b>		<b>2,322,547</b>	<b>3,904,950</b>
Tax on profit	10	(475,613)	(778,769)
<b>Profit after tax</b>		<b>1,846,934</b>	<b>3,126,181</b>
Retained earnings at the beginning of the year		7,964,488	6,338,307
Profit for the year		1,846,934	3,126,181
Dividends declared and paid		(750,000)	(1,500,000)
<b>Retained earnings at the end of the year</b>		<b>9,061,422</b>	<b>7,964,488</b>

The notes on pages 11 to 23 form part of these financial statements.

## Statement of Financial Position

As at 31 July 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	12	5,750,694	6,034,219
Investments	13	5,000	5,000
		<u>5,755,694</u>	<u>6,039,219</u>
<b>Current assets</b>			
Stocks	14	4,603,840	3,795,117
Debtors: amounts falling due within one year	15	1,533,861	1,467,408
Cash at bank and in hand	16	2,193,538	1,991,560
		<u>8,331,239</u>	<u>7,254,085</u>
Creditors: amounts falling due within one year	17	(4,985,511)	(5,244,816)
<b>Net current assets</b>		<u>3,345,728</u>	<u>2,009,269</u>
<b>Total assets less current liabilities</b>		<u>9,101,422</u>	<u>8,048,488</u>
<b>Provisions for liabilities</b>			
Deferred tax	18	-	(44,000)
		<u>-</u>	<u>(44,000)</u>
<b>Net assets</b>		<u><u>9,101,422</u></u>	<u><u>8,004,488</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	5,377	5,377
Share premium account	20	34,623	34,623
Profit and loss account	20	9,061,422	7,964,488
		<u>9,101,422</u>	<u>8,004,488</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 December 2017.



**N C Faulconbridge**  
Director

The notes on pages 11 to 23 form part of these financial statements.

# Notes to the Financial Statements

For the Year Ended 31 July 2017

## 1. General information

H W Martin (Traffic Management) Limited (the "Company") is a private company limited by shares incorporated in the UK. The registered office of the company is Fordbridge Lane, Blackwell, Alfreton, DE55 5JY.

The principal activities of the Company are as follows:

- The design, installation and maintenance of traffic management systems on motorways and high speed dual carriageways.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's functional and presentational currency is sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

### 2.2 Going concern

The company funds both day-to-day operations and longer-term strategic development from its liquid resources, including the working capital generated from operations. The directors have considered the level of the liquid resources and the expected future profitability of both the company and the wider H W Martin group, and are satisfied that, under anticipated trading conditions, there are sufficient available resources for the company to meet its trading requirements through a period of at least 12 months from the date of signing these financial statements. For this reason they have concluded that it is appropriate to use the going concern basis in presenting these financial statements.

# Notes to the Financial Statements

For the Year Ended 31 July 2017

## 2. Accounting policies (continued)

### 2.3 Reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to the use of exemptions by the company's shareholders. These disclosure exemptions are:

#### Statement of Cash Flows

Preparing a statement of cash flows, on the basis that it is a qualifying entity and the Consolidated Statement of Cash Flows included in the Group Financial Statements includes the company's cashflows.

#### Key Management Personnel Compensation

Disclosing the compensation of the key management personnel as required by FRS 102 Section 33.7.

#### Financial Instrument Disclosure

Disclosing Financial Instruments as required under FRS 102 section 11.29 to 11.48A and section 12.26 and 12.29 as this information is provided in the notes to the Consolidated Financial Statements.

The information is included in the consolidated financial statements of H W Martin Holdings Limited as at 31 July 2017 and these financial statements may be obtained from Companies House.

### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is determined by reference to the value of work carried out to date. No profit is recognised until the contract has advanced to a stage where the total profit can be assessed with reasonable certainty. Provision is made for the full amount of foreseeable losses on contracts.

### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	- 12.5% (or 20%) straight line
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

# Notes to the Financial Statements

For the Year Ended 31 July 2017

## 2. Accounting policies (continued)

### 2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in statement of income and retained earnings.

### 2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.



## Notes to the Financial Statements

For the Year Ended 31 July 2017

### 2. Accounting policies (continued)

#### 2.10 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

#### 2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

#### 2.13 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.14 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

## Notes to the Financial Statements

For the Year Ended 31 July 2017

### 2. Accounting policies (continued)

#### 2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

#### Impairment of financial assets

- At the end of each reporting period, an assessment is made as to whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including trade debtors and stock. If there is objective evidence of impairment, an impairment loss is recognised in the statement of income and retained earnings immediately.

#### Goodwill

- Goodwill is considered to have a finite useful life, and is amortised on a systematic basis over its life. If the company is unable to make a reliable estimate of the useful life of goodwill, the life shall not exceed five years.

# Notes to the Financial Statements

For the Year Ended 31 July 2017

## 4. Turnover

Analysis of turnover by country of destination:

	2017	2016
	£	£
United Kingdom	38,622,876	40,742,094

## 5. Operating profit

The operating profit is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	1,952,944	1,455,838
Defined contribution pension cost	257,948	163,922

## 6. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	14,700	15,500

### Fees payable to the Company's auditor and its associates in respect of:

All other services	6,300	6,500
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# Notes to the Financial Statements

For the Year Ended 31 July 2017

## 7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	13,446,902	13,760,348
Social security costs	1,767,518	1,446,100
Cost of defined contribution scheme	257,948	163,922
	<u>15,472,368</u>	<u>15,370,370</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Direct labour	290	303
Administration and management	32	33
	<u>322</u>	<u>336</u>

## 8. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	518,333	508,333
Company contributions to defined contribution pension schemes	10,000	10,000
	<u>528,333</u>	<u>518,333</u>

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £520,305 (2016 - £510,266).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £10,000 (2016 - £10,000).

## 9. Interest receivable

	2017 £	2016 £
Other interest receivable	14	334

# Notes to the Financial Statements

For the Year Ended 31 July 2017

## 10. Taxation

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	569,168	757,769
Adjustments in respect of previous periods	20,445	-
<b>Total current tax</b>	<u>589,613</u>	<u>757,769</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(114,000)	21,000
<b>Total deferred tax</b>	<u>(114,000)</u>	<u>21,000</u>
<b>Taxation on profit on ordinary activities</b>	<u>475,613</u>	<u>778,769</u>

### Factors affecting tax charge for the year

The tax assessed for the year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 19.67% (2016 - 20.00%) as set out below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>2,322,547</u>	<u>3,904,950</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.67% (2016 - 20.00%)	456,845	780,990
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,822	2,497
Fixed asset differences	-	(25,718)
Adjustments to tax charge in respect of prior periods	20,445	-
Other timing differences leading to an increase (decrease) in taxation	(4,499)	21,000
<b>Total tax charge for the year</b>	<u>475,613</u>	<u>778,769</u>

## 11. Dividends

	2017 £	2016 £
Dividends paid on equity capital	<u>750,000</u>	<u>1,500,000</u>

# Notes to the Financial Statements

For the Year Ended 31 July 2017

## 12. Tangible fixed assets

	Plant & machinery £
<b>Cost or valuation</b>	
At 1 August 2016	10,363,757
Additions	1,718,384
Disposals	(302,316)
At 31 July 2017	<u>11,779,825</u>
<b>Depreciation</b>	
At 1 August 2016	4,329,538
Charge for the year on owned assets	1,952,944
Disposals	(253,351)
At 31 July 2017	<u>6,029,131</u>
<b>Net book value</b>	
At 31 July 2017	<u><u>5,750,694</u></u>
At 31 July 2016	<u><u>6,034,219</u></u>

## 13. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 August 2016	<u>5,000</u>
At 31 July 2017	<u>5,000</u>
<b>Net book value</b>	
At 31 July 2017	<u><u>5,000</u></u>
At 31 July 2016	<u><u>5,000</u></u>

# Notes to the Financial Statements

For the Year Ended 31 July 2017

## 13. Fixed asset investments (continued)

### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Amber Langis Limited	Ordinary	100 %	Design and installation of traffic control and management systems

The aggregate of the share capital and reserves as at 31 July 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Amber Langis Limited	709,100	210,306

## 14. Stocks

	2017	2016
	£	£
Raw materials	118,365	124,968
Work in progress	4,485,475	3,670,149
	<u>4,603,840</u>	<u>3,795,117</u>

Stock recognised in cost of sales during the year as an expense was £1,823,058 (2016: £1,751,404).

# Notes to the Financial Statements

For the Year Ended 31 July 2017

## 15. Debtors

	2017 £	2016 £
Trade debtors	991,351	1,053,266
Amounts owed by group undertakings	17,056	28,354
Other debtors	3,000	2,965
Prepayments and accrued income	452,454	382,823
Deferred taxation	70,000	-
	<u>1,533,861</u>	<u>1,467,408</u>

Amounts owed by group undertakings are interest free and repayable on demand.

## 16. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>2,193,538</u>	<u>1,991,560</u>

## 17. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	1,559,059	1,344,957
Amounts owed to group undertakings	1,816,624	2,377,918
Corporation tax	471,445	377,769
Other taxation and social security	408,188	409,274
Accruals and deferred income	730,195	734,898
	<u>4,985,511</u>	<u>5,244,816</u>

Amounts owed to group undertakings are interest free and repayable on demand.



# Notes to the Financial Statements

For the Year Ended 31 July 2017

## 18. Deferred taxation

	2017 £
At beginning of year	(44,000)
Charged to profit or loss	114,000
<b>At end of year</b>	<b>70,000</b>

The deferred taxation balance is made up as follows:

	2017 £
Accelerated capital allowances	70,000
	<b>70,000</b>

## 19. Share capital

	2017 £	2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
5,000 ordinary shares of £1 each	5,000	5,000
377 A shares of £1 each	377	377
	<b>5,377</b>	<b>5,377</b>

## 20. Reserves

### Share premium account

Share premium - includes the shareholders' funds formed of the premium paid for new shares above their nominal value.

### Profit & loss account

Profit and loss account – includes all current and prior period retained profits and losses.

## Notes to the Financial Statements

For the Year Ended 31 July 2017

### **21. Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are administered by trustees in funds independent from those of the company.

The pension cost charges represents contributions payable by the company into the fund and amounted to £257,948 (2016: £163,922).

Contributions totalling £Nil (2016: £Nil) were payable to the fund at the balance sheet date.

### **22. Related party transactions**

H W Martin (Traffic Management) Limited has taken advantage of the exemption in FRS 102 (section 33) 'Related party disclosure' not to disclose transactions with other members of the group.

### **23. Controlling party**

The directors consider that the ultimate parent undertakings of the company is H W Martin Holdings Limited incorporated in England and Wales.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by H W Martin Holdings Limited which is incorporated in England and Wales.

Consolidated financial statements can be obtained from H W Martin Holdings Limited, Fordbridge Lane, Blackwell, Alfreton, Derbyshire, DE55 5JY.