

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2022
FOR
H W MARTIN (TRAFFIC MANAGEMENT) LIMITED**

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FOR THE YEAR ENDED 31 JULY 2022**

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H W MARTIN (TRAFFIC MANAGEMENT) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2022**

DIRECTORS:

H W Martin
K Martin
N C Faulconbridge
G R Beswick
D M Shaw
D K Lowe
M Walters

REGISTERED OFFICE:

Fordbridge Lane
Blackwell
Alfreton
Derbyshire
DE55 5JY

REGISTERED NUMBER:

02221214 (England and Wales)

INDEPENDENT AUDITOR:

BDO LLP, statutory auditor
Two Snowhill
Birmingham
B4 6GA

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

The Directors present their Strategic report for H W Martin (Traffic Management) Limited ("the Company") for the year-ended 31 July 2022.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company during the year under review was that of industry leading design, installation and maintenance of traffic management systems on motorways and high-speed dual carriageways.

The Company is part of the H W Martin Group of Companies (the "Group") headed by H W Martin Holdings Limited.

The Company's profit for the financial year is £5,436,620 (2021: £4,603,231 profit).

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

1. Turnover increased by 14% to £100.4 million (2021: increased by 10% to £87.9 million);
2. Profit before tax increased by 20% to £6.6 million (2021: decreased by 25% to £5.6 million); and
3. Shareholders' funds increased by £2.4 million to £18.9 million (2021: increased by £1.6 million to £16.5 million).

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

- Workforce has increased by 9% to 581 people (2021: increased by 15% to 533 people).

The Company's success continues and has once again delivered record sales values. Profits have been reinvested in the business including key personal, training programs, vehicle fleet and in the facilities of our nationwide network of twelve regional operational centres. This includes the purchase of the freehold title of a new depot at Witham, Essex and its development into a bespoke operational centre, an investment of over £2 million.

The directors recognise the value of information technology to our working practices and, backed by Group specialist IT personnel, lead the way in the practical applications of IT in our industry. Investment in electronic and mechanical technology solutions to deliver safer and more efficient traffic management services is made directly and via Group engineering specialist companies.

The board of Directors will encourage further progression and the broadening of the portfolio of services the Company is able to offer our clients and will continue to authorise investment from high cash reserves purposefully maintained by the Group for capital investment in the operating companies, ensuring the Company maintains its position as the UK's leading traffic management service provider.

Continuity of works opportunities are expected from the current well-established client base and the National Highways Road Investment Strategy (RIS) delivered through the Scheme Delivery Framework (SDF) and Smart Motorway Alliance (SMA) both of which the Company is successfully accredited.

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.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

The identification, assessment and management of opportunities and associated risks are an integral element of the business. Principal risks are:

Legislation and regulation	The impact of new legislation and regulation 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	The Company 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 again achieved a RoSPA Gold Award for occupational safety. The Group maintains its commitment to the 45001 Safety Management System and to the Contractors Health and Safety Scheme (CHAS) and is now pursuing the 45001 standard.
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 Group providing sufficient liquidity to finance the Company's operations and to meet unanticipated costs.

SECTION 172(1) STATEMENT

The Directors are required to explain how they undertake their duties in respect of requirements under Section 172(1) ("S172(1)") of the 2006 Companies Act to promote the success of the Group for the benefit of the Shareholders and other key stakeholders. This S172(1) statement explains how the Group's Directors ("the Board") have considered the interest of all key stakeholders.

The Directors of the Group act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

1. the likely consequences of any decision in the long term;
2. the interests of the Group's employees;
3. the need to foster the Group's business relationships with suppliers and customers;
4. the impact of the Group's operations on the community and environment;
5. maintaining the Group's reputation for high standards of business conduct; and
6. the need to act fairly between members of the Group.

The Board considers its employees, customers, suppliers and shareholders to be its major stakeholders. The directors of the Group and the operating companies have a responsibility to ensure good relationships are maintained with key stakeholders, as they are recognised as being vital for the long-term success of the Group. The Board has recognised that there are various factors that could affect the relationships with key stakeholders. These factors, and how they are managed, have been discussed in the "Principal risks and uncertainties" section of the Strategic report. Key performance indicators which help the Board to understand the strength of the Group's relationships with key stakeholders have been presented and discussed further in the "Principal activities and business review" section of the Strategic report.

When taking decisions for the long-term future of the Group, the Board informally takes into consideration the interests of all key stakeholders in its deliberations. Significant events and decisions taken during the year with respect to investment and growth of the Group have been discussed further in the "Principal activities and business review" section of the Strategic report.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JULY 2022**

SECTION 172(1) STATEMENT - continued

The Board considers that appropriate remuneration, benefits and employment procedures are in place which fairly reward its employees in relation to the local communities in which they operate and identify opportunities for employee development where practical. Action taken during the year with respect to engagement with employees has been discussed further in the "Engagement with Employees" section of the Report of the Directors.

The Board endeavours to maintain good long-term supplier relationships by contracting on standard business terms and prompt payment within agreed terms. There are long-standing relationships with some key suppliers to ensure the quality and continuity of the supply chain. The Board receive regular updates on both existing and new customer relationships to ensure any decision making takes into account the commercial and service requirements of the customer base. Action taken during the year with respect to engagement with suppliers and customers has been discussed further in the "Principal activities and business review" section of the Strategic report.

The Board recognises that the Group has to maintain the highest standards of integrity in the conduct of each of the Group's operations throughout the country. Consequently, the Board aims to ensure all of its operations minimise harm and contribute as far as practical to the local communities in which it operates. The Board recognises the importance of maintaining high standards of business conduct and operates according to a full suite of policies. These include Health & Safety, protecting the environment, looking after our people and maintaining the high quality of our service. Health & Safety developments have been discussed in the "Principal risks and uncertainties" section of the Strategic report.

The Board has taken the following key decisions during the year:

- The purchase of a regional depot in Witham, Essex and its development into a bespoke operational centre serving the East of England, demonstrating a long-term commitment to employees and clients in this region;
- The acquisition of Highway Support Services Limited and subsidiaries post year-end to extend the Group skills base in highway design and project management; and
- The roll-out across the group of an electronic purchase invoice authorisation system, improving the robustness of internal controls in this area and streamlining the process for efficiency.

ON BEHALF OF THE BOARD:

N C Faulconbridge - Director

13 January 2023

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2022**

The Directors present their report with the financial statements of the Company for the year-ended 31 July 2022.

DIVIDENDS

No interim dividends were paid during the year ended 31 July 2022.

The directors recommend final dividends per share as follows:

Ordinary £1 shares	£600
A £1 shares	NIL

The total distribution of dividends for the year ended 31 July 2022 will be £ 3,000,000 .

FUTURE DEVELOPMENTS

The Company is stable and will continue to invest in its existing operations going forwards so as to maximise revenues, profits and cash flows.

From November 2022, Amber Langis Limited, a subsidiary of the Company, will now operate as a trading division of the Company to reflect an integration of management structure and that a greater proportion of their trading activity has been delivered for the Company.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2021 to the date of this report.

H W Martin
K Martin
N C Faulconbridge
G R Beswick
D M Shaw

Other changes in directors holding office are as follows:

D K Lowe and M Walters were appointed as directors after 31 July 2022 but prior to the date of this report.

BREXIT RISK

The Directors are continuing to monitor the potential impact on its customers and suppliers, market access and possible effects on foreign currency exchange rates.

COVID-19

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. The Directors have considered the reasonably plausible impact of the COVID-19 outbreak on the Company's trading and cash flows. The Directors consider the potential impact of COVID-19 to be minimal on the grounds of the Company's performance since the outbreak began and post year-end, the type of service they provide as a Company and the continued liquidity support of the Group.

GOING CONCERN

The Company funds both day-to-day operations and longer-term strategic development from its liquid resources, including 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 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 to 31 January 2024. For this reason, they have concluded that it is appropriate to use the going concern basis on presenting these financial statements.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2022**

ENGAGEMENT WITH EMPLOYEES

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.

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.

STREAMLINED ENERGY AND CARBON REPORTING

The Company, as a large company, is required to disclose information required in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. However, the Company is not obliged to report this information as it is a subsidiary undertaking of H W Martin Holdings Limited as at 31 July 2022, and the required information is included within the consolidated Streamlined Energy and Carbon Report of H W Martin Holdings Limited for the year-ended 31 July 2022.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 Financial Reporting Standard 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 of the Company and of 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2022**

AUDITOR

The auditor, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

N C Faulconbridge - Director

13 January 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF H W MARTIN (TRAFFIC MANAGEMENT) LIMITED

Opinion on the 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 July 2022 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.

We have audited the financial statements of H W Martin (Traffic Management) Limited ("the Company") for the year ended 31 July 2022 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 applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 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 Directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Report of the Directors, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
H W MARTIN (TRAFFIC MANAGEMENT) LIMITED**

Other information (continued)

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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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 Report of the Directors.

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.

Responsibilities of Directors

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, 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
H W MARTIN (TRAFFIC MANAGEMENT) LIMITED**

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We made enquiries of management and the directors concerning the Company's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

We corroborated our enquires through the review of board minutes.

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company based on our understanding of the business, sector experience and discussions with management. The most significant considerations for the Company are compliance with UK Accounting Standards, the Companies Act 2006, corporate taxes, VAT legislation, employment taxes and health and safety legislation.
- We discussed amongst the engagement team to assess how and where fraud might occur in the financial statements, any potential indicators of fraud and non-compliance with laws and regulation.

Based on our understanding of the environment and assessment of the incentive and opportunity for fraud and non-compliance with laws and regulations gained from the above work we designed and executed the following procedures:

- We reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements. We obtained a complete population of all journals in the year and test any which we considered were indicative of management override.
- We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We also tested manual journals posted to revenue that were either material or fell outside of our expectations based on our understanding of the Company, agreeing them to supporting documentation to check that they were appropriate, correctly recorded and supported by appropriate evidence.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
H W MARTIN (TRAFFIC MANAGEMENT) LIMITED**

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

Gareth Singleton (Senior Statutory Auditor)
for and on behalf of BDO LLP, statutory auditor
Two Snowhill
Birmingham
B4 6GA

16 January 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**STATEMENT OF INCOME AND
RETAINED EARNINGS
FOR THE YEAR ENDED 31 JULY 2022**

	Notes	2022 £	2021 £
TURNOVER	4	100,443,782	87,863,980
Cost of sales		<u>(83,804,904)</u>	<u>(73,423,570)</u>
GROSS PROFIT		16,638,878	14,440,410
Administrative expenses		<u>(10,000,004)</u>	<u>(8,885,806)</u>
PROFIT BEFORE TAXATION	7	6,638,874	5,554,604
Tax on profit	9	<u>(1,202,254)</u>	<u>(951,373)</u>
PROFIT FOR THE FINANCIAL YEAR		5,436,620	4,603,231
Retained earnings at beginning of year		16,427,844	14,824,613
Dividends declared and paid	10	(3,000,000)	(3,000,000)
RETAINED EARNINGS AT END OF YEAR		<u>18,864,464</u>	<u>16,427,844</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 JULY 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	11		13,425,905		9,799,020
Investments	12		5,000		5,000
			13,430,905		9,804,020
CURRENT ASSETS					
Stocks	13	179,964		180,985	
Debtors: amounts falling due within one year	14	15,191,524		13,976,971	
Cash at bank and in hand		5,657,322		4,836,786	
		21,028,810		18,994,742	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	15,155,298		12,330,918	
NET CURRENT ASSETS			5,873,512		6,663,824
TOTAL ASSETS LESS CURRENT LIABILITIES			19,304,417		16,467,844
PROVISIONS FOR LIABILITIES	17		399,953		-
NET ASSETS			18,904,464		16,467,844
CAPITAL AND RESERVES					
Called up share capital	18		5,377		5,377
Share premium	19		34,623		34,623
Retained earnings	19		18,864,464		16,427,844
SHAREHOLDERS' FUNDS			18,904,464		16,467,844

The financial statements were approved by the Board of Directors and authorised for issue on 13 January 2023 and were signed on its behalf by:

N C Faulconbridge - Director

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

1. STATUTORY INFORMATION

H W Martin (Traffic Management) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The Company funds both day-to-day operations and longer-term strategic development from its liquid resources, including 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 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 to 31 January 2024. For this reason, they have concluded that it is appropriate to use the going concern basis on presenting these financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about H W Martin (Traffic Management) Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, H W Martin Holdings Limited, Fordbridge Lane, Blackwell, Alfreton, DE55 5JY.

Turnover

Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

i. Sale of services

The Company designs, installs and maintains traffic management systems on motorways and high speed dual carriageways. Turnover is determined by reference to the value of the work carried out to date in the accounting period in which the services are rendered and when the outcome of the contract can be estimated reliably. 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. Amounts recognised as turnover where contract progress is sufficient to do so are included on the statement of financial position as amounts recoverable on contracts.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price and 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 the estimated useful lives. Depreciation is provided on the following basis:

Freehold property	2% straight line
Plant & machinery	12.5% - 20% straight line
Motor vehicles	20% straight line

Land is not depreciated.

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.

The carrying amount of any replacement component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expenses as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Impairment of non-financial assets

At each statement of financial position date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit ("CGU")) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's CGU) is compared to the carrying value of the asset (or asset's CGU).

Investments in subsidiaries

Investments in subsidiary undertakings are measured at cost less accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

2. **ACCOUNTING POLICIES - continued**

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost is based on the cost of purchase on a first in, first out basis. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of work-in-progress and finished goods includes design costs, raw materials, direct labour and other direct costs and related production overheads.

At each statement of financial position 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 the Statement of Comprehensive Income. Where a reversal of the impairment is recognised, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Statement of Comprehensive Income.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with financial institutions repayable without penalty on notice of not more than 24 hours, other short-term highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022**

2. ACCOUNTING POLICIES - continued

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of basic financial assets and liabilities. The Company has chosen to adopt the Section 11 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Comprehensive Income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings that are classified as debt, 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.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished (i.e. when the contractual obligation is discharged, cancelled or expires).

iii. Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i. Current tax

Current tax is the amount of tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at 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 value of liabilities acquired and the amount that will be assessed for tax.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

2. **ACCOUNTING POLICIES - continued**

Foreign currencies

i. Functional and presentational currency

The Company's functional and presentation currency is the pound sterling.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Leasing arrangements: the company as a lessee

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i. Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

ii. Lease incentives

Incentives received to enter into an operating lease are credited to the Statement of Comprehensive Income, to reduce the lease expense, on a straight-line basis over the period of the lease, unless another systematic basis is representative of the time pattern of the benefit from the use of the leases asset.

Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

i. Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Defined contribution pension plans

The company operates a defined contribution pension scheme 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. Contributions payable to the company's pension scheme are charged to the Statement of Comprehensive Income in the period to which they relate. Amounts not paid are shown in other creditors as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

2. ACCOUNTING POLICIES - continued**Distributions to equity holders**

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which they are approved by the Company's shareholders. These amounts are recognised in retained earnings.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements required 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 amounts recoverable on contracts. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.
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4. TURNOVER

The turnover and profit before taxation were derived solely from continuing operations in the United Kingdom and are attributable to the principal activities of the Company.

5. EMPLOYEES AND DIRECTORS

	2022 £	2021 £
Wages and salaries	27,745,032	24,768,314
Social security costs	3,295,423	2,861,275
Other pension costs	718,937	645,922
	<u>31,759,392</u>	<u>28,275,511</u>

The average number of employees during the year was as follows:

	2022	2021
Direct labour	516	466
Administration and management	65	67
	<u>581</u>	<u>533</u>

6. DIRECTORS' EMOLUMENTS

	2022 £	2021 £
Directors' remuneration	<u>931,378</u>	<u>851,413</u>

Information regarding the highest paid director is as follows:

	2022 £	2021 £
Emoluments etc	<u>653,112</u>	<u>623,123</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

6. DIRECTORS' EMOLUMENTS - continued

Company contributions to defined contribution pension schemes in respect of the directors amounted to £37,000 (2021: £37,000). The value of the Company's contributions in respect of the highest paid director amounted to £30,000 (2021: £30,000).

7. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	2022	2021
	£	£
Operating lease rentals	336,848	330,917
Depreciation - owned assets	2,691,995	2,443,844
Profit on disposal of fixed assets	<u>(554,608)</u>	<u>(19,203)</u>

8. AUDITORS' REMUNERATION

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	50,000	48,000
Taxation compliance services	<u>12,250</u>	<u>5,500</u>

9. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	204,970	1,164,404
Deferred tax	997,284	(213,031)
Tax on profit	<u>1,202,254</u>	<u>951,373</u>

UK corporation tax has been charged at 19% (2021 - 19%).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

9. TAXATION - continued**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit before tax	<u>6,638,874</u>	<u>5,554,604</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,261,386	1,055,375
Effects of:		
Expenses not deductible for tax purposes	7,671	17,028
Capital allowances in excess of depreciation	(240,884)	-
Depreciation in excess of capital allowances	-	23,096
Adjustments to tax charge in respect of previous periods	4,847	(767)
Remeasurement of deferred tax for changes in tax rates	238,185	(143,359)
Group relief claimed	(68,951)	-
Total tax charge	<u>1,202,254</u>	<u>951,373</u>

In March 2020, the Finance Bill 2020 was substantively enacted which maintained the corporation tax rate at 19% and in May 2021 the rate was increased to 25% in the Finance Bill 2021, effective from April 2023. Deferred taxes at the balance sheet date have been measured using the enacted tax rate and reflected in these financial statements.

10. DIVIDENDS DECLARED AND PAID

	2022	2021
	£	£
Ordinary shares of £1 each		
Final	<u>3,000,000</u>	<u>3,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

11. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Motor vehicles £	Totals £
Cost				
At 1 August 2021	3,981,478	106,190	18,708,327	22,795,995
Additions	1,844,500	1	4,510,533	6,355,034
Disposals	-	-	(3,325,705)	(3,325,705)
At 31 July 2022	5,825,978	106,191	19,893,155	25,825,324
Depreciation				
At 1 August 2021	137,681	49,652	12,809,642	12,996,975
Charge for year	84,752	20,548	2,586,695	2,691,995
Eliminated on disposal	-	-	(3,289,551)	(3,289,551)
At 31 July 2022	222,433	70,200	12,106,786	12,399,419
Net book value				
At 31 July 2022	5,603,545	35,991	7,786,369	13,425,905
At 31 July 2021	3,843,797	56,538	5,898,685	9,799,020

Included in cost of freehold property is freehold land of £3,064,500 (2021: £1,620,000) which is not depreciated.

12. FIXED ASSET INVESTMENTS

	Shares in group companies £
Cost	
At 1 August 2021 and 31 July 2022	5,000
Net book value	
At 31 July 2022	5,000
At 31 July 2021	5,000

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Amber Langis Limited

Registered office: Fordbridge Lane, Blackwell, Alfreton, Derbyshire, DE55 5JY

Nature of business: Design/installation of traffic control systems

	% holding	2022 £	2021 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		1,828,491	1,810,766
Profit for the year		41,664	459,597

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

13. STOCKS

	2022	2021
	£	£
Raw materials	<u>179,964</u>	<u>180,985</u>

Stocks are stated after provision for impairment of £nil (2021: £nil), being the write-down of slow-moving and obsolete stock to their net realisable value.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	4,078,944	2,492,268
Amounts owed by group undertakings	11,999	165,389
Amounts recoverable on contracts	10,086,809	10,053,267
Other debtors	40,487	5,853
VAT receivable	3,675	591
Deferred tax asset	-	597,331
Prepayments and accrued income	969,610	662,272
	<u>15,191,524</u>	<u>13,976,971</u>

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

Trade debtors are stated after provisions for impairment of £Nil (2021: £Nil). Impairment losses recognised in the Statement of Comprehensive Income during the year amounted to £941 (2021: £40,656 reversed).

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	6,723,208	6,015,242
Amounts owed to group undertakings	6,525,218	4,599,159
Social security and other taxes	904,234	704,258
Other creditors	-	99
Accruals and deferred income	1,002,638	1,012,160
	<u>15,155,298</u>	<u>12,330,918</u>

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

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	331,512	358,000
Between one and five years	376,827	708,340
	<u>708,339</u>	<u>1,066,340</u>

The Company is a lessee of various properties for use in the business.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

17. PROVISIONS FOR LIABILITIES

	2022 £	
Deferred tax	<u>399,953</u>	
		Deferred tax
		£
Balance at 1 August 2021		(597,331)
Provided during year		997,284
Balance at 31 July 2022		<u>399,953</u>

The deferred tax liability/(asset) is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	399,953	(597,521)
Short-term timing differences	-	190
	<u>399,953</u>	<u>(597,331)</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £	2021 £
5,000	Ordinary	£1	5,000	5,000
377	A	£1	<u>377</u>	<u>377</u>
			<u>5,377</u>	<u>5,377</u>

There are no restrictions on the distribution of dividends and the repayment of capital on the Ordinary shares.

Each A Share is not entitled to receive a dividend. There are no restrictions on the repayment of capital.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022

19. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 August 2021	16,427,844	34,623	16,462,467
Profit for the year	5,436,620		5,436,620
Dividends declared and paid	(3,000,000)		(3,000,000)
At 31 July 2022	<u>18,864,464</u>	<u>34,623</u>	<u>18,899,087</u>

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

Retained earnings includes all current and prior period retained profits and losses.

20. 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 £718,937 (2021: £645,922).

Contributions totalling £nil (2021: £nil) were payable to the fund at the statement of financial position date.

21. CAPITAL COMMITMENTS

	2022 £	2021 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>461,935</u>

22. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Entities under common control

	2022 £	2021 £
Sales	32,550	102,189
Purchases	1,930,120	1,181,396
Amount due from related parties	-	2,718
Amount due to related parties	<u>332,405</u>	<u>440,112</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2022**

23. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is H W Martin Holdings Limited.

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 .

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.