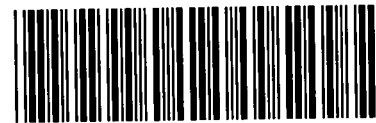


**KING HIGHWAY PRODUCTS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2019**

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**KING HIGHWAY PRODUCTS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	J Richmond N C Faulconbridge
<b>Registered number</b>	04229234
<b>Registered office</b>	H W Martin Fordbridge Lane Blackwell Alfreton Derbyshire DE55 5JY
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1 Holly Street Sheffield South Yorkshire S1 2GT

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**KING HIGHWAY PRODUCTS LIMITED**

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## KING HIGHWAY PRODUCTS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2019

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#### Introduction

The directors present their Strategic report for King Highway Products Limited ("the Company") for the year ended 31 July 2019.

#### Principal activities and business review

The principal activity of King Highway Products Limited (the Company) is the design, manufacture, supply and servicing of specialist vehicles and equipment to the traffic management industry.

The Company is an industry leader in its field. The product range has been broadened to offer clients a larger range of vehicle types and the client base is increasingly focused towards large organisations who require products with industry leading innovation and safety features.

King Highway Products Limited can develop new client relationships and increased exposure to transportation markets through the wider Martin Group of Companies which, along with Safety Vehicle Hire and Lease Limited, also provides a consistent demand for the Company's products.

#### Principal risks and uncertainties

The identification, assessment and management of opportunities and associated risks are an integral element of the business of King Highway Products Limited and the wider Martin Group. Principal risks are:

- The effect of new legislation and regulation. The impact of which on our product range may potentially increase costs and affect market demand.
- Supplier relationships and distribution agreements. The Company has a reliance on the supply of key components and products and enters into formal agreements to secure these relationships.
- Health and safety. Training is given to employees to mitigate this risk. Policies and procedures are continually monitored and reviewed as part of the Martin Group.
- Financial risk. The main risk arising from the Company's financial instruments is liquidity risk from the supply of low volume, high value products. This risk is managed by staged and advance payments.

#### Financial key performance indicators

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

- An increase in sales of 10%.
- A further increase in positive working capital, including cash balance.

This report was approved by the board on 19 December 2019 and signed on its behalf.



**N C Faulconbridge**  
Director

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## KING HIGHWAY PRODUCTS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019

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The directors present their report and the financial statements for the year ended 31 July 2019.

#### Results and dividends

The profit for the year, after taxation, amounted to £47,927 (2018 - £200,113).

The directors have not recommended a dividend.

#### Directors

The directors who served during the year were:

J Richmond  
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 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.

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## KING HIGHWAY PRODUCTS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2019

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#### 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 the company and its 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. For this reason they have concluded that it is appropriate to use the going concern basis in presenting these financial statements.

#### Post balance sheet events

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

#### Disclosure of information to auditor

The directors confirm that:

- so far as each 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 directors 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.

This report was approved by the board on 19 December 2019 and signed on its behalf.



**N C Faulconbridge**  
Director



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KING HIGHWAY PRODUCTS LIMITED**

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### **Opinion**

We have audited the financial statements of King Highway Products Limited (the 'Company') for the year ended 31 July 2019, 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2019 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.

### **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 KING HIGHWAY PRODUCTS LIMITED (CONTINUED)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report, 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 have 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.





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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KING HIGHWAY PRODUCTS LIMITED  
(CONTINUED)**

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**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement on page 2, 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.

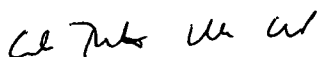
**Auditor's responsibilities for the audit of the financial statements**

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.

**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.



Michael Redfern  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Sheffield

19 December 2019

KING HIGHWAY PRODUCTS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 JULY 2019

	Note	2019 £	2018 £
Turnover	4	4,125,852	3,752,376
Cost of sales		(3,488,879)	(3,327,474)
<b>Gross profit</b>		<b>636,973</b>	<b>424,902</b>
Administrative expenses		(588,276)	(233,876)
<b>Operating profit</b>	5	<b>48,697</b>	<b>191,026</b>
Interest receivable and similar income	9	113	-
<b>Profit before tax</b>		<b>48,810</b>	<b>191,026</b>
Tax on profit	10	(883)	9,087
<b>Profit after tax</b>		<b>47,927</b>	<b>200,113</b>
Retained earnings at the beginning of the year		1,407,058	1,206,945
		1,407,058	1,206,945
Profit for the year		47,927	200,113
<b>Retained earnings at the end of the year</b>		<b>1,454,985</b>	<b>1,407,058</b>


The notes on pages 9 to 22 form part of these financial statements.

**KING HIGHWAY PRODUCTS LIMITED**  
**REGISTERED NUMBER:04229234**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JULY 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	37,628	50,926
		<u>37,628</u>	<u>50,926</u>
<b>Current assets</b>			
Stocks	12	915,349	428,033
Debtors: amounts falling due within one year	13	961,549	1,891,328
Cash at bank and in hand	14	347,852	292,698
		<u>2,224,750</u>	<u>2,612,059</u>
Creditors: amounts falling due within one year	15	(807,255)	(1,255,789)
<b>Net current assets</b>		<u>1,417,495</u>	<u>1,356,270</u>
<b>Total assets less current liabilities</b>		<u>1,455,123</u>	<u>1,407,196</u>
<b>Net assets</b>		<u><u>1,455,123</u></u>	<u><u>1,407,196</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	75	75
Capital redemption reserve	18	63	63
Profit and loss account	18	1,454,985	1,407,058
		<u>1,455,123</u>	<u>1,407,196</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2019.

  
**N C Faulconbridge**  
 Director

The notes on pages 9 to 22 form part of these financial statements.

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## KING HIGHWAY PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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#### 1. General information

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

The principal activity of the Company during the year continued to be the design, manufacture and sale of a comprehensive range of specialist truck equipment.

#### 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 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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of H W Martin Holdings Limited as at 31 July 2019 and these financial statements may be obtained from Companies House.

##### 2.3 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 the company and its 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. For this reason they have concluded that it is appropriate to use the going concern basis in presenting these financial statements.

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## KING HIGHWAY PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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#### 2. Accounting policies (continued)

##### 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. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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## KING HIGHWAY PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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## 2. Accounting policies (continued)

### 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:

Long-term leasehold property	- 15 years
Plant and machinery	- 2-10 years
Motor vehicles	- 3 years
Fixtures and fittings	- 1-5 years

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.

### 2.6 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 the Statement of income and retained earnings.

### 2.7 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.

### 2.8 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.

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## KING HIGHWAY PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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#### 2. Accounting policies (continued)

##### 2.9 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 Profit and loss account.

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.

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 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.

##### 2.10 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.

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## KING HIGHWAY PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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#### 2. Accounting policies (continued)

##### 2.11 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### 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 income and retained earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

##### 2.12 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 10 April 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

##### 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.



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## KING HIGHWAY PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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#### 2. Accounting policies (continued)

##### 2.14 Interest income

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

##### 2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

##### 2.16 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.

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KING HIGHWAY PRODUCTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

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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 and other 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.

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	<u>4,125,852</u>	<u>3,752,376</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	33,237	40,005
Exchange differences	(16,220)	(5,382)
Other operating lease rentals	-	6,088
Defined contribution pension cost	<u>8,015</u>	<u>2,185</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>5,000</u>	<u>5,500</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Other services relating to taxation	<u>1,200</u>	<u>2,375</u>

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**KING HIGHWAY PRODUCTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

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**7. Employees**

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	438,120	203,301
Social security costs	45,642	18,108
Cost of defined contribution scheme	8,015	2,185
	<u>491,777</u>	<u>223,594</u>

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

	2019 No.	2018 No.
Director labour	4	3
Administration and management	9	3
	<u>13</u>	<u>6</u>

**8. Directors' remuneration**

During the year retirement benefits were accruing to no directors (2018 - Nil) in respect of defined contribution pension schemes.

**9. Interest receivable**

	2019 £	2018 £
Other interest receivable	<u>113</u>	<u>-</u>

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KING HIGHWAY PRODUCTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

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10. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the period	1,783	-
Adjustments in respect of previous periods	-	5,441
<b>Total current tax</b>	<u>1,783</u>	<u>5,441</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(900)	1,328
Prior year adjustment due to change in tax rates	-	(15,856)
<b>Total deferred tax</b>	<u>(900)</u>	<u>(14,528)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>883</u>	<u>(9,087)</u>

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KING HIGHWAY PRODUCTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

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10. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	48,809	191,026
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	9,274	36,294
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	19	65
Adjustments to tax charge in respect of prior periods	-	(10,415)
Other timing differences leading to an increase (decrease) in taxation	62	-
Deferred tax not recognised	-	(3,820)
Group relief	(8,472)	(31,211)
<b>Total tax charge for the year</b>	<b>883</b>	<b>(9,087)</b>

KING HIGHWAY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

11. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost</b>					
At 1 August 2018	10,453	72,098	148,477	24,913	255,941
Additions	-	-	19,939	-	19,939
At 31 July 2019	10,453	72,098	168,416	24,913	275,880
<b>Depreciation</b>					
At 1 August 2018	10,453	60,378	120,164	14,020	205,015
Charge for the year on owned assets	-	8,660	20,447	4,130	33,237
At 31 July 2019	10,453	69,038	140,611	18,150	238,252
<b>Net book value</b>					
At 31 July 2019	-	3,060	27,805	6,763	37,628
At 31 July 2018	-	11,720	28,313	10,893	50,926

12. Stocks

	2019 £	2018 £
Raw materials and consumables	511,451	268,419
Work in progress (goods to be sold)	403,898	159,614
	<u>915,349</u>	<u>428,033</u>

Stock recognised in cost of sales during the year as an expense was £2,699,795 (2018 - £3,117,912).

An impairment loss of £21,629 (2018: £Nil) was recognised in cost of sales during the period due to slow-moving and obsolete stock.

Stock is stated after provisions for impairment of £92,547 (2018: £70,918).

**KING HIGHWAY PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019**

**13. Debtors**

	2019 £	2018 £
Trade debtors	356,775	691,909
Amounts owed by group undertakings	579,507	1,147,193
Other debtors	17,767	45,626
Deferred taxation	7,500	6,600
	<u>961,549</u>	<u>1,891,328</u>

An impairment charge of £15,551 (2018: £19,219) was recognised against trade debtors at the year end.

The bad debt expense recognised in the Statement of income and retained earnings in the year was £Nil (2018: £5,876).

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

**14. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	<u>347,852</u>	<u>292,698</u>

There is a debenture charge held by Bank of Scotland over all the assets of the Company.

**15. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	567,291	543,230
Amounts owed to group undertakings	216,970	516,341
Corporation tax	1,783	-
Other taxation and social security	10,626	81,178
Other creditors	-	16,583
Accruals and deferred income	10,585	98,457
	<u>807,255</u>	<u>1,255,789</u>

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

Obligations under hire purchase agreements are secured on the assets to which they relate.

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KING HIGHWAY PRODUCTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2019

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16. Deferred taxation

	2019 £	2018 £
At beginning of period	6,600	(7,928)
Charged to the profit or loss	900	14,528
<b>At end of year</b>	<b>7,500</b>	<b>6,600</b>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	7,500	6,580
Short term timing differences	-	20
	<b>7,500</b>	<b>6,600</b>

17. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
750 Ordinary shares of £0.10 each	75	75

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

18. Reserves

**Capital redemption reserve**

Pertains to non-distributable reserve into which an amount is transferred following the redemption or purchase of the company's own share.

**Profit and loss account**

Includes all current and prior period retained profits and losses.



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## KING HIGHWAY PRODUCTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

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#### 19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £8,015 (2018: £2,185). Contributions totalling £Nil (2018: £426) were payable to the fund at the balance sheet date.

#### 20. Related party transactions

King Highway Products 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.

#### 21. 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 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. The smallest Group of undertakings for which Group accounts have been drawn up is King Vehicle Engineering 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.