

**REGISTERED NUMBER: 04229234 (England and Wales)**

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023  
FOR  
KING HIGHWAY PRODUCTS LIMITED**

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**KING HIGHWAY PRODUCTS LIMITED**  
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**FOR THE YEAR ENDED 31 JULY 2023**

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**KING HIGHWAY PRODUCTS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 JULY 2023**

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**DIRECTORS:**

N C Faulconbridge  
J Richmond

**REGISTERED OFFICE:**

Fordbridge Lane  
Blackwell  
Alfreton  
Derbyshire  
DE55 5JY

**REGISTERED NUMBER:**

04229234 (England and Wales)

**INDEPENDENT AUDITOR:**

Azets Audit Services  
2 Regan Way  
Chetwynd Business Park  
Chilwell  
Nottingham  
United Kingdom  
NG9 6RZ

## **KING HIGHWAY PRODUCTS LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2023**

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The Directors present their report with the financial statements of King Highway Products Limited ("the Company") for the year-ended 31 July 2023.

#### **PRINCIPAL ACTIVITIES**

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 part of the King Vehicle Engineering Group ("the Group") headed by King Vehicle Engineering Limited and the H W Martin Group of Companies ("the wider Group") headed by H W Martin Holdings Limited.

#### **REVIEW OF BUSINESS**

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

1. Sales in excess of £5 million (2022: decreased by 4% to 5.8m); and
2. An increase in total net assets of 18% to £3m (2022: increased by 14% to £2.5m)

The Company has performed consistently well in volatile trading conditions caused by rising costs and equipment supply disruption.

The Company is an industry leader in its field meeting the requirements of a target client base which demands products with industry leading innovation and safety features, further new products are set to be launched in the coming months.

The Company continues to develop new client relationships and increased exposure to wider transportation markets. The Martin Group of Companies and Safety Vehicle Hire and Lease Limited also provides a consistent demand for the Company's products.

#### **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.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 August 2022 to the date of this report.

N C Faulconbridge  
J Richmond

#### **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, as well as the support provided from King Vehicle Engineering Limited, 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 December 2024. For this reason they have concluded that it is appropriate to use the going concern basis in presenting these financial statements.

## **KING HIGHWAY PRODUCTS LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2023**

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#### **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.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing 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;
- 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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### **AUDITOR**

Azets were appointed as Auditor to the Company during the year and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a general meeting.

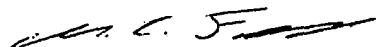
**KING HIGHWAY PRODUCTS LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 JULY 2023**

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This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



.....  
N C Faulconbridge - Director

Date: 14 December 2023  
.....

## **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 2023 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including 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 2023, 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**

In auditing the financial statements, we have concluded that the director's 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.

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

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### **Other information**

The other information comprises the information included in the Directors Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors Report. 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. 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.

### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

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 directors' report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **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.

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

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### **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 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.

### **Extent to which the audit was considered 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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**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.

**Mr Mitesh Thakrar (Senior Statutory Auditor)**



**For and on behalf of Azets Audit Services  
Chartered Accountants  
Statutory Auditor**

Date: *14 December 2023*

2 Regan Way  
Chetwynd Business Park  
Chilwell  
Nottingham  
United Kingdom  
NG9 6RZ

**KING HIGHWAY PRODUCTS LIMITED**

**STATEMENT OF INCOME AND  
RETAINED EARNINGS  
FOR THE YEAR ENDED 31 JULY 2023**

	Notes	2023 £	2022 £
<b>TURNOVER</b>		<b>5,768,612</b>	<b>5,791,452</b>
Cost of sales		<b>(4,979,554)</b>	<b>(4,803,338)</b>
<b>GROSS PROFIT</b>		<b>789,058</b>	<b>988,114</b>
Administrative expenses		<b>(339,179)</b>	<b>(646,661)</b>
<b>PROFIT BEFORE TAXATION</b>	<b>4</b>	<b>449,879</b>	<b>341,453</b>
Tax on profit		<b>11,825</b>	<b>(42,658)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>461,704</b>	<b>298,795</b>
Retained earnings at beginning of year		<b>2,501,869</b>	<b>2,203,074</b>
<b>RETAINED EARNINGS AT END OF YEAR</b>		<b>2,963,573</b>	<b>2,501,869</b>

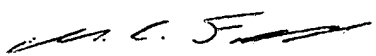
The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION  
31 JULY 2023

		2023	2022
	Notes	£	£
<b>FIXED ASSETS</b>			
Tangible assets	6	123,118	161,916
<b>CURRENT ASSETS</b>			
Stocks		1,210,872	1,357,702
Debtors: amounts falling due within one year	7	2,058,822	1,730,605
Cash at bank		599,135	557,214
		3,868,829	3,645,521
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	1,005,169	1,274,036
<b>NET CURRENT ASSETS</b>		2,863,660	2,371,485
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,986,778	2,533,401
<b>PROVISIONS FOR LIABILITIES</b>		23,067	31,394
<b>NET ASSETS</b>		2,963,711	2,502,007
<b>CAPITAL AND RESERVES</b>			
Called up share capital		75	75
Capital redemption reserve		63	63
Retained earnings		2,963,573	2,501,869
<b>SHAREHOLDERS' FUNDS</b>		2,963,711	2,502,007

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 14 December 2023..... and were signed on its behalf by:

  
.....  
N C Faulconbridge - Director

The notes form part of these financial statements

## KING HIGHWAY PRODUCTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

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#### 1. STATUTORY INFORMATION

King Highway Products 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" including the provisions of Section 1A "Small Entities" 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 the working capital generated from operations. The directors have considered the level of the liquid resources and the expected future profitability of the Company, as well as the support provided from King Vehicle Engineering Limited, 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 December 2024. For this reason they have concluded that it is appropriate to use the going concern basis in presenting these financial statements.

##### **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 goods*

The Company designs, manufactures and sells specialist vehicles and equipment to the traffic management industry. The Company also sells spare parts for these goods. Sale of goods are recognised on delivery to the customer. Delivery occurs when the goods have been shipped to the location specified by the customer, the risks of obsolescence or loss have been transferred to the customer, the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

Standard warranties are often provided in conjunction with the sale of goods and relate to the condition of the item sold at the date of sale. These warranties are not separable from the sale of goods. The full consideration received is recognised as turnover on the sale, and a provision is recognised for the expected future cost to be incurred relating to the warranty.

##### *ii. Sale of services*

The Company sells servicing of specialist vehicles and equipment to the traffic management industry. Turnover is recognised in the accounting period in which the services are rendered.

**KING HIGHWAY PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2023**

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**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:

Leasehold property	15 years straight line
Plant & machinery	5 - 10 years straight line
Motor vehicles	3 years straight line
Fixtures & fittings	3 - 5 years straight line

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 Income and Retained Earnings.

**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).

**KING HIGHWAY PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2023**

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**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 Income and Retained Earnings. 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 Income and Retained Earnings.

**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.

**KING HIGHWAY PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2023**

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**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 Income and Retained Earnings.

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 Income and Retained Earnings.

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).

**KING HIGHWAY PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2023**

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**2. ACCOUNTING POLICIES - continued**

*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.

**Taxation**

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of Income and Retained Earnings, 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.

KING HIGHWAY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2023

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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 Income and Retained Earnings.

**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 Income and Retained Earnings 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.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 18 (2022 - 16).

**KING HIGHWAY PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2023**

**4. PROFIT BEFORE TAXATION**

The profit is stated after charging/(crediting):

	2023 £	2022 £
Depreciation - owned assets	38,798	20,762
Profit on disposal of fixed assets	-	(9,134)
Foreign exchange differences	(63,020)	(111,528)
Pension costs	12,893	12,112
	<u>12,893</u>	<u>12,112</u>

**5. AUDITORS' REMUNERATION**

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	7,000	7,263
Taxation compliance services	1,715	1,900
	<u>1,715</u>	<u>1,900</u>

**6. TANGIBLE FIXED ASSETS**

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>Cost</b>					
At 1 August 2022 and 31 July 2023	<u>10,453</u>	<u>6,576</u>	<u>17,571</u>	<u>273,314</u>	<u>307,914</u>
<b>Depreciation</b>					
At 1 August 2022	10,453	6,521	17,571	111,453	145,998
Charge for year	<u>-</u>	<u>55</u>	<u>-</u>	<u>38,743</u>	<u>38,798</u>
At 31 July 2023	<u>10,453</u>	<u>6,576</u>	<u>17,571</u>	<u>150,196</u>	<u>184,796</u>
<b>Net book value</b>					
At 31 July 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,118</u>	<u>123,118</u>
At 31 July 2022	<u>-</u>	<u>55</u>	<u>-</u>	<u>161,861</u>	<u>161,916</u>

**KING HIGHWAY PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2023**

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade debtors	<b>287,189</b>	197,423
Amounts owed by group undertakings	<b>1,695,559</b>	1,433,443
VAT	<b>81</b>	37
Prepayments and accrued income	<b>25,993</b>	63,702
Corporation tax recoverable	<b>50,000</b>	36,000
	<u><b>2,058,822</b></u>	<u><b>1,730,605</b></u>

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

Trade debtors are stated after provisions for impairment of £16,082 (2022: £16,082). Impairment losses reversed in the Statement of Income and Retained Earnings during the year amounted to £- (2022: £6 recognised).

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>641,184</b>	925,303
Amounts owed to group undertakings	<b>85,191</b>	21,670
Social security and other taxes	<b>15,017</b>	14,080
Accruals and deferred income	<b>263,777</b>	312,983
	<u><b>1,005,169</b></u>	<u><b>1,274,036</b></u>

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

**9. CAPITAL COMMITMENTS**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Contracted but not provided for in the financial statements	<u><b>3,470,264</b></u>	<u><b>2,168,420</b></u>

**10. 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.

**KING HIGHWAY PRODUCTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 JULY 2023**

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**11. ULTIMATE CONTROLLING PARTY**

The controlling party is King Vehicle Engineering Limited.

The ultimate controlling party is H W Martin Holdings Limited.

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 that headed by 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.