
J C PAYNE (UK) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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J C PAYNE (UK) LIMITED

COMPANY INFORMATION

Directors	M K J Brandrick G J E Brandrick N C Brandrick D L Scorer S J Horrocks
Registered number	06872056
Registered office	Unit 2 Westgate Aldridge Walsall West Midlands WS9 8EX
Independent auditors	RMV Clements Limited Statutory Auditors Sterling House 71 Francis Road Edgbaston Birmingham B16 8SP

J C PAYNE (UK) LIMITED

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J C PAYNE (UK) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

Introduction

The principal activity of the company during the year was that of the manufacture of commercial vehicle bodies and related components.

Business review

The directors are satisfied with the company's trading results for the year ended 31 March 2023. The results of the business reflect an increase in sales and an increase in margin versus FY2022 reflecting both higher demand for the company's products and a more stable supply chain previously impacted by COVID and the Ukraine war. The company closed out FY2023 with a strong order book into FY2024.

Principal risks and uncertainties

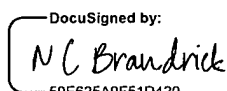
The principal risks facing the company are the changes to our trading environment, strong competition, raw material purchase prices and reliability of chassis delivery. The directors continue to monitor and feel that the company is well placed to deal with these risks.

Financial key performance indicators

The directors consider key financial performance indicators to be sales and gross profit.

	2023	2022
Turnover	£14,226,917	£11,095,094
Gross margin	24.9%	23.0%

This report was approved by the board on 19 December 2023 and signed on its behalf.

DocuSigned by:

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N C Brandrick
Director

J C PAYNE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £652,384 (2022 - £174,907).

The Directors recommended payment of dividends of £Nil (2022 - £Nil) during the period under review.

Directors

The directors who served during the year were:

M K J Brandrick
G J E Brandrick
N C Brandrick
D L Scorer
S J Horrocks

Future developments

The directors continue to invest in IT, facilities and personnel to improve efficiency, increase margin and reduce the company's carbon footprint.

J C PAYNE (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Disclosure of information to auditors

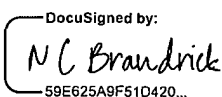
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, RMY Clements Limited, 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 2023 and signed on its behalf.

DocuSigned by:

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N C Brandrick
Director

J C PAYNE (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF J C PAYNE (UK) LIMITED

Opinion

We have audited the financial statements of J C Payne (UK) Limited (the 'Company') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, 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 March 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 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 other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual 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.

J C PAYNE (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF J C PAYNE (UK) LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion 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.

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 Strategic Report or 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out 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.

Auditors' 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 Auditors' 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.

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:

- considered the nature of the industry and sector, control environment and business performance;

J C PAYNE (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF J C PAYNE (UK) LIMITED (CONTINUED)

- considered the results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- considered the opportunities and incentives that may exist within the organisation for fraud;
- performed specific procedures to respond to the risk common with all audits under ISA's of management override;
- considered the legal and regulatory frameworks the Company operates in, including UK Companies Act, local tax legislation and health and safety law;
- discussed among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations and to identify any irregularities or instances of fraud;
- We tested the appropriateness of a sample of accounting journals;
- We reviewed the Company's accounting policies for non-compliance with relevant accounting standards;
- We considered significant accounting estimates for evidence of misstatement; and
- We considered the appropriateness of the revenue recognition policies.

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. This description forms part of our Auditors' 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 Auditors' 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.

DocuSigned by:

Manjinder Sahota

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Manjinder Singh Sahota ACA FCCA CTA (Senior Statutory Auditor)

for and on behalf of
RMY Clements Limited

Statutory Auditors

Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

19 December 2023

J C PAYNE (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover	4	14,226,917	11,095,094
Cost of sales		(10,684,776)	(8,540,710)
Gross profit		3,542,141	2,554,384
Administrative expenses		(2,738,017)	(2,315,792)
Operating profit		804,124	238,592
Interest payable and expenses	8	-	(22,478)
Profit before tax		804,124	216,114
Tax on profit	9	(151,740)	(41,207)
Profit for the financial year		652,384	174,907

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2023 (2022 - £Nil).

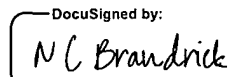
The notes on pages 13 to 27 form part of these financial statements.

J C PAYNE (UK) LIMITED
REGISTERED NUMBER: 06872056

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	10	36,585	36,912
		<u>36,585</u>	<u>36,912</u>
Current assets			
Stocks	11	1,665,631	1,659,946
Debtors: amounts falling due within one year	12	2,704,132	2,236,721
Cash at bank and in hand		573,580	338,456
		<u>4,943,343</u>	<u>4,235,123</u>
Creditors: amounts falling due within one year	13	(2,891,937)	(2,835,739)
Net current assets		<u>2,051,406</u>	<u>1,399,384</u>
Total assets less current liabilities		<u>2,087,991</u>	<u>1,436,296</u>
Provisions for liabilities			
Deferred tax	15	(1,051)	(1,740)
		<u>(1,051)</u>	<u>(1,740)</u>
Net assets		<u><u>2,086,940</u></u>	<u><u>1,434,556</u></u>
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	17	2,086,840	1,434,456
		<u><u>2,086,940</u></u>	<u><u>1,434,556</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2023.

DocuSigned by:

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N C Brandrick
Director

The notes on pages 12 to 24 form part of these financial statements.

J C PAYNE (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2022	100	1,434,456	1,434,556
Comprehensive income for the year			
Profit for the year	-	652,384	652,384
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	652,384	652,384
Total transactions with owners	-	-	-
At 31 March 2023	100	2,086,840	2,086,940

The notes on pages 12 to 24 form part of these financial statements.

J C PAYNE (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	100	1,259,549	1,259,649
Comprehensive income for the year			
Profit for the year	-	174,907	174,907
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	174,907	174,907
Total transactions with owners	-	-	-
At 31 March 2022	100	1,434,456	1,434,556

The notes on pages 12 to 24 form part of these financial statements.

J C PAYNE (UK) LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023**

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	121,652	175,269	296,921
Invoice discounting facility	216,804	59,855	276,659
	<u>338,456</u>	<u>235,124</u>	<u>573,580</u>

The notes on pages 12 to 24 form part of these financial statements.

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

1. General information

The Company is a private company, limited by shares, incorporated and domiciled in England within the United Kingdom.

The Company's registered office is Unit 2 Westgate, Aldridge, Walsall, West Midlands, WS9 8EX.

The principal activity of the company in the period under review was that of the manufacture of commercial vehicle bodies and related components.

The financial statements are presented in sterling which is the functional currency of the company and the financial statements are rounded to the nearest £1.

2. Accounting policies**2.1 Basis of preparation of financial statements**

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a high degree of judgment, complexity, or areas where assumptions and estimates are significant to the financial statements, are further explained in note 3 to these financial statements.

Cash flow

Under FRS 102 (section 1), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent company, KLG NV (Aldridge) Limited, includes the company's cash flows in its own published consolidated financial statements. The shareholders of the ultimate parent undertaking, have been notified in writing about the adoption of this exemption, and do not object to the adoption.

The following accounting policies have been applied:

2.2 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, which is at the point where the goods are completed and ready for collection;
- 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;

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.2 Revenue (continued)**

- 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.

2.3 Operating leases: Lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.4 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.5 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change 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 Balance Sheet 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 Balance Sheet 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

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.6 Current and deferred taxation (continued)**

using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.7 Tangible fixed assets

The 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is no longer recognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

At each balance sheet date, the company reviews the carrying amount of its tangible fixed assets to determine if there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating units to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount. Any impairment losses are recognised immediately as an expense within the Statement of Comprehensive Income.

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

Depreciation is provided on the following basis:

Plant & machinery	- 20%-25% straight line
Office equipment	- 20%-50% 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 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, within the Statement of Comprehensive Income.

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.9 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.

2.10 Cash and cash equivalents

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

2.11 Creditors

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

2.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.13 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet 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 Balance Sheet.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties 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 debtors and creditors, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)**2.14 Financial instruments (continued)**

case of a small company, or a public benefit entity concessionary loan.

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

In the application of the Company's accounting policies, which are described in note 2 to these financial statements, management is required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the year. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following judgments have had the most significant effect on the amounts recognised in the financial statements:

Depreciation

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Residual value and useful life assessments consider issues such as future market conditions, the remaining life of the asset and maintenance programmes.

Impairment

Management assesses the impairment of property, plant and equipment subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that may trigger an impairment review include the following: significant underperformance relative to the historical or projected future operating results; changes in the manner of the use of the acquired assets or the strategy for the overall business; and significant negative industry or economic trends, taking into account market knowledge, professional judgment and historical comparable transactions.

Stock provisions

Stocks are valued in the Balance Sheet after provision for slow moving and/or obsolete stocks. Such provisions take into account judgements of the current and future usage of each item of stock.

Bad debt provisions

Debtors are included in the Balance Sheet net of provision for bad or doubtful debts, based on an assessment of the likely future recoverable value of each debt.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Truck bodies	11,536,062	8,907,288
Parts, repairs and aftercare	2,690,855	2,187,806
	<u>14,226,917</u>	<u>11,095,094</u>

All turnover arose within the United Kingdom.

5. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2023 £	2022 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	9,363	7,050
	<u>9,363</u>	<u>7,050</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

6. Employees

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

	2023	2022
	£	£
Wages and salaries	3,524,772	3,087,468
Social security costs	342,699	279,217
Cost of defined contribution scheme	64,811	59,776
	<u>3,932,282</u>	<u>3,426,461</u>

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

	2023	2022
	No.	No.
Employees	<u>115</u>	<u>110</u>

7. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	<u>102,750</u>	<u>101,750</u>
	<u>102,750</u>	<u>101,750</u>

Directors' are considered to be the key management of the company.

8. Interest payable and similar expenses

	2023	2022
	£	£
Other loan interest payable	<u>-</u>	<u>22,478</u>
	<u>-</u>	<u>22,478</u>

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	152,429	47,992
Total current tax	<u>152,429</u>	<u>47,992</u>
Deferred tax		
Origination and reversal of timing differences	(689)	(6,785)
Total deferred tax	<u>(689)</u>	<u>(6,785)</u>
Taxation on profit on ordinary activities	<u>151,740</u>	<u>41,207</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - *lower than*) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>804,124</u>	<u>216,114</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	152,784	41,062
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	129	76
Capital allowances for year in excess of depreciation	(1,042)	4,424
Other timing differences leading to a decrease in taxation	(689)	(6,785)
Changes in provisions leading to an increase in the tax charge	558	2,430
Total tax charge for the year	<u>151,740</u>	<u>41,207</u>

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

9. Taxation (continued)**Factors that may affect future tax charges**

Increases in the UK corporation main tax rate (effective from 1 April 2023) were substantively enacted on 25 May 2021. The main tax rate will be increased to 25% applying to profits over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less, who will continue to pay corporation tax at 19%. Companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

This may increase the company's future tax charge accordingly.

Deferred tax balances must be recognised at the future tax applicable when the balance is expected to unwind.

10. Tangible fixed assets

	Plant & machinery £	Office equipment £	Total £
Cost or valuation			
At 1 April 2022	187,495	67,991	255,486
Additions	16,279	1,222	17,501
At 31 March 2023	203,774	69,213	272,987
Depreciation			
At 1 April 2022	169,490	49,084	218,574
Charge for the year on owned assets	11,958	5,870	17,828
At 31 March 2023	181,448	54,954	236,402
Net book value			
At 31 March 2023	22,326	14,259	36,585
At 31 March 2022	18,005	18,907	36,912

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

11. Stocks

	2023 £	2022 £
Raw materials and consumables	1,200,579	1,257,702
Work in progress	230,975	251,618
Finished goods and goods for resale	234,077	150,626
	<u>1,665,631</u>	<u>1,659,946</u>

Stock recognised within the Statement of Comprehensive Income during the year was £7,433,800 (2022 - £5,666,450) for the company.

Stock write downs in respect of slow moving and obsolete items, recognised within the Statement of Comprehensive Income during the year were £NIL (2022 - £13,244) for the company.

12. Debtors

	2023 £	2022 £
Trade debtors	2,308,332	1,772,239
Other debtors	838	100
Prepayments and accrued income	394,962	464,382
	<u>2,704,132</u>	<u>2,236,721</u>

13. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	1,802,572	1,725,754
Amounts owed to group undertakings	200,000	305,000
Corporation tax	152,309	162,273
Other taxation and social security	352,065	275,266
Other creditors	69,133	94,411
Accruals and deferred income	315,858	273,035
	<u>2,891,937</u>	<u>2,835,739</u>

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Financial instruments

	2023 £	2022 £
Financial assets		
Financial assets measured at amortised cost	<u>2,881,912</u>	<u>2,110,695</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,318,429)</u>	<u>(2,303,787)</u>

Financial assets measured at amortised cost comprise bank and cash balances, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and amounts owed to group undertakings.

15. Deferred taxation

	2023 £
At beginning of year	(1,740)
Charged to profit or loss	689
At end of year	<u><u>(1,051)</u></u>

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	8,505	8,446
Unpaid pension contributions	(7,454)	(6,706)
	<u>1,051</u>	<u>1,740</u>

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

16. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
100 (2022 - 100) Ordinary shares of £1.00 each	100	100
	<u>100</u>	<u>100</u>

17. Reserves**Profit & loss account**

The profit and loss reserves are all considered distributable.

18. Contingent liabilities

The company is party to an inter-company guarantee on bank loans with KLG NV (Aldridge) Limited. The total borrowing guaranteed as at 31 March 2023 was £1,762,269 (2022 - £1,859,399).

19. Pension commitments

The company operates a group 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 £64,811 (2022 - £59,776). Contributions totalling £29,817 (2022 - £26,825) were payable to the fund at the balance sheet date and are included in creditors.

20. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023	2022
	£	£
Not later than 1 year	328,400	328,400
Later than 1 year and not later than 5 years	248,268	326,667
	<u>576,668</u>	<u>655,067</u>

J C PAYNE (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

21. Related party transactions

During the year the company made purchases totalling £266,078 (2022 - £213,329) from a company in which M K J, G J E, and N C Brandrick and D Scorer and S Horrocks are all directors. In addition the company made sales of £334,937 (2022 - £348,743) to said related company in the period. As at 31 March 2023, J C Payne (UK) Limited owed £29,539 (2022 - £26,637) in respect of purchases and was owed £17,764 (2022 - £12,569) in respect of sales made.

All transactions with the above companies were made at arms length.

The company has taken advantage of the exemption in FRS102 (Section 33) 'Related Party Disclosures' not to disclose transactions with other members of the group, on the grounds that it is a wholly owned subsidiary, and consolidated financial statements are prepared by the ultimate parent company.

22. Controlling party

The company's ultimate parent undertaking is KLG NV (Aldridge) Limited, a company registered in England and Wales. A copy of the parent company consolidated accounts can be obtained from Companies House.