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Registrar.

Company Registration No. 1913440 (England and Wales)

**MARTIN MANUFACTURING (UK) PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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# MARTIN MANUFACTURING (UK) PLC

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# MARTIN MANUFACTURING (UK) PLC

## COMPANY INFORMATION

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**Directors**

C Engsted  
J.S.H Kjaer  
L Dige

**Secretary**

P Leach

**Company number**

1913440

**Registered office**

The Tanners, 75 Meadow  
Godalming  
Surrey  
GU7 3HU

**Auditors**

Forrester Boyd  
139 Eastgate  
Louth  
Lincolnshire  
LN11 9QQ

**Bankers**

Nordea Bank Finland Plc  
10 Thomas More street  
London  
E1W 1YF

# MARTIN MANUFACTURING (UK) PLC

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

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The directors present their report and financial statements for the year ended 31 December 2008.

### Principal activities

The principal activities of the company continued to be that of:

design, manufacture and distribution of fog technology, machines and fluid to the entertainment and security industries.

Service and support.

### Business Review

Martin Manufacturing (UK) plc's fog systems boast a range of machines and fluid types to create fog effects from heavy low fog to thin quick dispensing mist that allows lighting designers to create special effects in theatres, movies, TV studios etc. Martin Manufacturing (UK) plc's main customer is the mother company Martin Professional A/S, who produces computer controlled lighting, also called "intelligent lighting", which is high technology luminaries utilised throughout all sectors of the entertainment industry. Martin's application, with our products in smoke machines gives the company the ability to offer a wider entertainment package. In March Martin Security Smoke A/S (MSS), who sell Smokecloak machines to the security industry, was sold and has now become an OEM customer. Trade with MSS is regulated by a three year Supply Agreement, starting in March, 2008, making Martin Manufacturing (UK) Plc sole supplier to MSS. Smokecloak is a device that fills a building with a dense artificial smoke or vapour - security fog, so thick that the criminal is incapable of continuing his villainous task and has little choice but to leave the premises empty-handed. Late 2008 production of architectural lights was also implemented and it is expected that the future will bring more light products into our portfolio. The light products are developed by the R&D department in Denmark and Martin Manufacturing (UK) Plc is acting as production plant only.

### Description of principle risks and uncertainties

Together with business improvements, we continued to strengthen our competencies within R&D to secure us as market leaders in our field. A combination of controlled growth of complex products to be manufactured in our UK company and, at the same time, developing OEM products means that we will continue to be a strong presence in the Martin group, with no visible threat or risks facing the company. The company attaches great importance to an open dialogue with all staff involved, from moving high labour cost production - to low cost China, or start low country sourcing project, that can give us the necessary effect from globalisation in our market. We regularly monitor all competitors within our market, and we do not see visible threats or risks facing the company.

# MARTIN MANUFACTURING (UK) PLC

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

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### Position of company at the year end

The company did not meet the expectations of 2008, this was down to turnover being below budget and challenges with increased cost prices due to the weak GBP. Training of employees played a big role in 2008, focussed on the needs of Team Leaders and management. The focus on training, project management and Lean activities continues in 2009 and is expected to focus on stock and warehousing improvements, to be able to meet the expected challenges of low sales and, in general, rough times waiting ahead. The group places significant emphasis on its employees' involvement in the business at all levels. It is felt by all staff members that the company is better prepared than ever to meet the challenges ahead and to enhance its position still further, both within the Martin Group and as a major player within the market.

Efforts are targeted towards the improvement of three important areas of performance in 2009:

- Stock reductions

Stock reduction is the primary target for the first half of 2009.

- Transfer flexibility

We will create the best possible level of flexibility in the choice of where to produce products, by implementing a global view of purchasing, information sharing across factories and within choice of methods.

- Reduced cost pricing in existing products

An increasing number of products will be analysed, looking into the possibilities of keeping the level of quality, yet achieving better purchase prices.

### Results and key performance indicators

Tight control using KPI is part of maintaining success with the company.

	2008	2007
Turnover	3,707.8k	3,973.8k
Turnover growth	(6.7)%	(3.00)%
Net profit margin	(7.41)%	0.62%
Asset turnover	6.97	4.93
ROIC (note 1)	(4.13)	0.37
Raw materials turnover	2.93	6.28
Creditors turnover	53.55 days	35.99 days
Current ratio	0.93	1.21

Note 1 - Return on capital equals net profit after tax divided by share capital.

To maintain control we monitor performance from financial, quality and customer values in delivery performance and service support. Internally we monitor performance, efficiency, delivery, quality, stock levels and absence, and monthly all employees can read a report of the previous month's results. On a monthly basis we deliver the same KPI's from financial, manufacturing, quality and human resource sector to be used from the mother company to compare companies in the Martin Group.

### Results and dividends

The results for the year are set out on page 8. During the year no dividends were paid or proposed (2007: £Nil).

### Research and development

New products are essential within the market in which we operate and during 2008 we have launched two new products, which have also increased the level of smoke fluid sold. According to the contract with MSS, we should have launched three security smoke products in 2008. These products were delayed, two of them launched in January 2009 and the third in March 2009, resulting in total penalties of £50,000.

# MARTIN MANUFACTURING (UK) PLC

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

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### Directors

The following directors have held office since 1 January 2008:

C Engsted  
J.S.H Kjaer  
L Dige

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 2008	1 January 2008
C Engsted	-	-
J.S.H Kjaer	-	-
L Dige	-	-

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged.

### Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees. This is achieved through formal and informal meetings where necessary.

### Political and charitable donations

The company made no charitable and political donations during the year (2007: £nil).

# MARTIN MANUFACTURING (UK) PLC

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

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### Creditor payment policy

The terms of payment agreed with suppliers are that fellow subsidiaries are paid within 60 days and other suppliers within 30 days of invoice.

The company's average creditor payment period at 31 December 2008 was 54 days (2007: 36)

### Auditors

Forrester Boyd were appointed auditors to the company and in accordance with section 487(2) of the Companies Act 2006, a resolution proposing that they be re-appointed will be put forward at a General Meeting.

### Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

### Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.



J.S.H Kjaer

Director

28 April 2009

# **MARTIN MANUFACTURING (UK) PLC**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF MARTIN MANUFACTURING (UK) PLC**

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We have audited the financial statements of Martin Manufacturing (UK) Plc for the year ended 31 December 2008 set out on pages 8 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

#### **Respective responsibilities of the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



# MARTIN MANUFACTURING (UK) PLC

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF MARTIN MANUFACTURING (UK) PLC

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#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Forrester Boyd

11 May 2008

Chartered Accountants  
Registered Auditor

139 Eastgate  
Louth  
Lincolnshire  
LN11 9QQ

# MARTIN MANUFACTURING (UK) PLC

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Notes	2008 £	2007 £
<b>Continuing Operations</b>			
Revenue	2	3,707,806	3,973,847
Cost of sales		(3,469,593)	(3,564,732)
<b>Gross profit</b>		238,213	409,115
Distribution costs		(6,008)	(9,623)
Administrative expenses		(348,926)	(329,723)
Other operating income		-	3,510
<b>Operating (loss)/profit</b>	3	(116,721)	73,279
Penalty payments on late R&D projects		(50,000)	-
Loss on disposal of China projects		(47,194)	-
<b>(Loss)/profit on ordinary activities before interest</b>		(213,915)	73,279
Investment revenues	4	1,638	1,967
Finance costs	5	(76,999)	(61,214)
<b>(Loss)/profit before taxation</b>		(289,276)	14,032
Tax	6	14,408	10,710
<b>(Loss)/profit after taxation</b>	15	(274,868)	24,742

There are no recognised gains and losses other than those passing through the income statement.

# MARTIN MANUFACTURING (UK) PLC

## BALANCE SHEET AS AT 31 DECEMBER 2008

	Notes	2008 £	£	2007 £	£
<b>Non-current assets</b>					
Intangible assets	7	423,652		343,165	
Property, plant and equipment	8	264,983		213,882	
		<u>688,635</u>		<u>557,047</u>	
<b>Current assets</b>					
Inventories	9	958,828	614,299		
Trade and other receivables	10	876,390	726,648		
Deferred tax asset	10	81,982	89,526		
Cash and cash equivalents		13,139	7,232		
		<u>1,930,339</u>	<u>1,437,705</u>		
<b>Current liabilities</b>					
Trade and other payables	11	2,086,963	1,165,985		
Current tax payable	11	-	21,888		
		<u>2,086,963</u>	<u>1,187,873</u>		
<b>Net current (liabilities)/assets</b>			(156,624)		249,832
<b>Total assets less current liabilities</b>			<u>532,011</u>		<u>806,879</u>
<b>Non-current liabilities</b>					
			<u>532,011</u>		<u>806,879</u>
<b>Equity</b>					
Share capital	14	66,500		66,500	
Profit and loss account	15	465,511		740,379	
<b>Shareholders' funds - equity interests</b>	16	<u>532,011</u>		<u>806,879</u>	

The financial statements were approved by the Board on 28 April 2009



J.S.H Kjaer  
Director

# MARTIN MANUFACTURING (UK) PLC

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	£	£
<b>Cash flow from operating activities</b>		
Profit before tax	(289,276)	14,032
Finance costs recognised in profit and loss	76,999	61,214
Investment revenue recognised in the profit and loss	(1,638)	(1,967)
(Gain)/loss on sale of disposal of property, plant and equipment	47,194	-
Depreciation and amortisation of non current assets	138,606	170,680
	<u>(28,115)</u>	<u>243,959</u>
<b>Movements in working capital:</b>		
(Increase)/decrease in trade and other receivables	(128,390)	(120,955)
(Increase)/decrease in inventories	(344,529)	27,811
Increase/(decrease) in trade and other payables	920,978	75,562
Increase/(decrease) in non current liabilities	-	(3,510)
	<u>419,944</u>	<u>222,867</u>
<b>Cash generated from operations</b>		
Interest paid	(76,999)	(61,214)
Income taxes paid	(21,288)	(41,808)
	<u>321,657</u>	<u>119,845</u>
<b>Net cash used in operating activities</b>		
<b>Cash flows from investing activities</b>		
Interest received	1,638	1,967
Payments for property, plant and equipment	(103,150)	(19,577)
Payments for intangible assets	(214,238)	(134,399)
	<u>(315,750)</u>	<u>(152,009)</u>
<b>Net cash from investing activities</b>		
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,907	(32,164)
<b>Cash and cash equivalents at the beginning of the year</b>	7,232	39,396
<b>Cash and cash equivalents at the end of the year</b>	<u>13,139</u>	<u>7,232</u>

# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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### 1 Accounting policies

#### 1.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the continued funding being available from the group via the loan account. The financial statements do not include any adjustment that would result from a failure to obtain continued funding.

#### 1.2 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 not recognised until the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

#### 1.3 Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it meets the conditions as specified in International Accounting Standard 38.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Development expenditure that cannot be distinguished from the research phase is recognised as an expense in the period in which it is incurred.

#### 1.4 Plant, property and equipment, and depreciation

Property, plant and equipment are initially recorded at cost of purchase and are depreciated on a straight line basis except for land which is not depreciated. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	Nil
Leasehold improvements	10-20% straight line basis
Computers	20-33% straight line basis
Furniture and equipment	20% straight line basis
Motor vehicles	20% straight line basis

# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

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### 1 Accounting policies

(continued)

Under IAS 16 buildings should be depreciated as they have a limited useful economic life. As we are unable to distinguish between land and building we have departed from this Standard having no material impact on the accounts.

Assets acquired under finance leases are depreciated over their useful economic lives.

#### 1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and current balances with banks and other similar institutions, which are ready convertible to known amounts of cash which are subject to insignificant risk of changes in value.

#### 1.7 Inventories and work in progress

Inventories and work in progress are valued at the lower of cost and net realisable value. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of the business after allowing for costs of realisation.

#### 1.8 Pensions

The company operates a defined contribution pension scheme for senior members of staff. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

#### 1.9 Taxes

Income taxes include all taxes based upon the taxable profits of the company. Other taxes not based on income, such as property and capital taxes, are included within operating expenses or financial expenses according to their nature.

Deferred income tax is provided using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the financial statements. Deferred income tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

#### 1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

#### 1.11 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the income statement as the related expenditure is incurred.

# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 2 Revenue

Revenue represents net invoiced sales of goods, excluding value added tax. Revenue is not reported separately by market as it is the opinion of the directors that this information would be seriously prejudicial to the interests of the company.

### 3 (loss)/profit

	2008	2007
	£	£
(loss)/profit is stated after charging:		
Amortisation of internally generated intangible assets	86,557	(62,926)
Depreciation of property, plant and equipment	52,049	107,754
Research and development	21,824	8,346
Operating lease rentals		
- Plant, machinery, etc.	5,805	7,546
- Other assets	33,224	40,000
Auditors' remuneration	9,350	5,800
Remuneration of auditors for non-audit work	1,500	1,000
and after crediting:		
Government grants	-	3,510

### 4 Investment revenues

	2008	2007
	£	£
Bank interest	1,638	1,967

### 5 Finance costs

	2008	2007
	£	£
On bank loans and overdrafts	4,469	2,350
On other loans	72,530	56,661
On overdue tax	-	2,203
	76,999	61,214

# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

6	Taxation	2008 £	2007 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	-	21,888
	Adjustment for prior years	(21,952)	(15,440)
	<b>Current tax charge</b>	(21,952)	6,448
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	7,544	(17,158)
		(14,408)	(10,710)
	<b>Factors affecting the tax charge for the year</b>		
	(Loss)/profit on ordinary activities before taxation	(289,276)	14,032
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2007 - 30.00%)	(80,997)	4,210
	Effects of:		
	Non deductible expenses	1,203	372
	Depreciation add back	14,574	32,474
	Capital allowances	(16,149)	(15,168)
	Tax losses utilised	(459)	-
	Adjustments to previous periods	(21,952)	(15,440)
	Other tax adjustments	81,828	-
		59,045	2,238
	<b>Current tax charge</b>	(21,952)	6,448

The company has estimated losses of £ 220,102 (2007 - £ nil) available for carry forward against future trading profits.



# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 7 Intangible fixed assets

	Development Costs £
<b>Cost</b>	
At 1 January 2008	457,891
Additions	214,238
Disposals	(88,628)
At 31 December 2008	583,501
<b>Amortisation</b>	
At 1 January 2008	114,726
Amortisation on disposals	(41,434)
Charge for the year	86,557
At 31 December 2008	159,849
<b>Net book value</b>	
At 31 December 2008	423,652
At 31 December 2007	343,165

Amortisation has been included only on development costs on those projects that have now come into actual production.

Amortisation is based on the machines, once developed, having a five year useful life, and is taken on a straight line basis.

# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 8 Property, Plant and Equipment

	Freehold Land and buildings	Leasehold improvements, plant and machinery	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2008	159,624	887,825	24,014	1,071,463
Additions	-	103,150	-	103,150
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	159,624	990,975	24,014	1,174,613
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 January 2008	-	845,173	12,408	857,581
Charge for the year	-	47,246	4,803	52,049
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2008	-	892,419	17,211	909,630
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2008	159,624	98,556	6,803	264,983
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	159,624	42,652	11,606	213,882
	<hr/>	<hr/>	<hr/>	<hr/>

### 9 Inventories

	2008 £	2007 £
Raw materials and consumables	813,812	454,931
Work in progress	81,751	91,311
Finished goods and goods for resale	63,265	68,057
	<hr/>	<hr/>
	958,828	614,299
	<hr/>	<hr/>

# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

10 Trade and other receivables	2008 £	2007 £
Trade receivables	266,309	34,315
Amounts owed by parent and fellow subsidiary undertakings	465,089	639,779
Corporation tax	21,352	-
Other receivables	52,498	34,050
Prepayments and accrued income	71,142	18,504
Deferred tax asset (see note 12)	81,982	89,526
	<u>958,372</u>	<u>816,174</u>

11 Trade Payables: amounts falling due within one year	2008 £	2007 £
Trade payables	509,040	351,484
Amounts owed to parent and fellow subsidiary undertakings	1,535,532	774,681
Corporation tax	-	21,888
Other taxes and social security costs	16,194	23,151
Other payables	26,197	16,669
	<u>2,086,963</u>	<u>1,187,873</u>

### 12 Deferred income

The deferred tax asset (included in debtors, note 10) is made up as follows:

	2008 £	2007 £
Balance at 1 January 2008	(89,526)	
Profit and loss account	7,544	
	<u>(81,982)</u>	
Balance at 31 December 2008		
	<u>2008 £</u>	<u>2007 £</u>
Decelerated capital allowances	(81,982)	(89,526)

# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 13 Pension and other post-retirement benefit commitments Defined contribution

	2008 £	2007 £
Contributions payable by the company for the year	4,207	(131)

### 14 Share capital

	2008 £	2007 £
<b>Authorised</b>		
250,000 Ordinary shares of £1 each	250,000	250,000
<b>Allotted, called up and fully paid</b>		
66,500 Ordinary shares of £1 each	66,500	66,500

### 15 Retained Earnings

	£
Balance at 1 January 2008	740,379
Retained loss for the year	(274,868)
Balance at 31 December 2008	465,511

### 16 Statement of changes in equity

	2008 £	2007 £
(Loss)/Profit for the financial year	(274,868)	24,742
Balance at 1 January 2008	806,879	782,137
Balance at 31 December 2008	532,011	806,879

# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

### 17 Financial commitments

At 31 December 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2009:

	Land and buildings		Other	
	2008	2007	2008	2007
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	90	3,724
Between two and five years	46,000	40,000	5,833	7,008
	<u>46,000</u>	<u>40,000</u>	<u>5,923</u>	<u>10,732</u>

### 18 Capital commitments

Prior to the year end the company committed to purchasing £85,210 of tooling from a Chinese company Man Sang Metal MFY. £42,605 has already been paid representing a 50% deposit on the total value of the commitment.

### 19 Staff costs

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2008 Number	2007 Number
Production	47	46
Sales and administration	1	1
	<u>48</u>	<u>47</u>

#### Employment costs

	2008 £	2007 £
Wages and salaries	637,665	657,167
Social security costs	48,765	50,914
Other pension costs	4,207	(131)
	<u>690,637</u>	<u>707,950</u>

# MARTIN MANUFACTURING (UK) PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2008

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### 20 Control

The directors regard Martin Professional A/S, a company incorporated and resident in Denmark, as the immediate parent company. The directors regard Aktieselskabet Schouw & Co, a company incorporated and resident in Denmark, as both the ultimate parent and controlling company. Copies of the parent company's consolidated group financial statements are available from the Administration, Martin Professional A/S, Olof Palmes Alle 18, DK-8200 Aarhus N, Denmark and may be inspected at the company's registered office.

### 21 Related party transactions

The company is a wholly owned subsidiary of Martin Professional A/S, a company incorporated and resident in Denmark, and its financial statements are included in the consolidated financial statements of Martin Professional A/S, which are publicly available. During the year the company had transactions and incurred balances as follows:

Balances due to Martin Professional A/S at year end £91,119 (2007- £79,991)

Group owings account due to Martin Professional A/S at year end £1,443,909 (2007: £692,976)

Balances due to Martin Professional plc at year end £nil (2007-£nil)

Balances due to Martin Manufacturing Zhuhai Ltd at year end £504 (2007 - £1,295)

Balances due from Martin Professional A/S at year end £457,521 (2007-£546,900)

Balances due from Martin UK plc at year end £6,743 (2007-£2,550)

Balances due from Martin Manufacturing Zhuhai Limited at year end £825 (2007-£498)

Sales to Martin Professional A/S of £2,878,977 (2007-£2,964,700)

Sales to Martin Security Smoke A/S of £121,500 (2007-£810,800)

Sales to Martin Manufacturing Zhuhai Limited of £11,722 (2007-£10,100)

Sales to Martin UK plc of £1,600 (2007-£nil)

Purchased from Martin Professional A/S £374,431 (2007-£437,732)

Purchased from Martin Manufacturing Zhuhai Limited £9,485 (2007-£24,231)

Purchased from Martin Professional Plc £5,109 (2007-£nil)

Purchased from Martin Security Smoke Limited £nil (2007-£612)

Sale and purchase of goods to related parties were made at the company's usual prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of amounts owed by related parties.

Interest paid to Group in respect of loans amounted to £72,530 (2007: £56,661).