

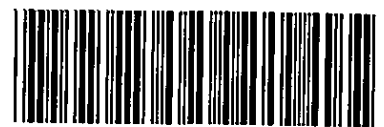
Martin Professional Limited

**Directors' report and financial
statements**

Registered number 02584290

31 December 2011

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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2011

Principal activities

The principal activity of the company continued to be that of the distribution of lighting and smoke equipment, including fixtures with the latest technologies, such as LED light sources

Business review

The key markets of Martin Professional Limited include supplying their products and services to rock concerts, television, theatres, night clubs, bars, hotels, cruise ships and architectural structures and buildings

After a challenging 2010 the company regained its former strength and achieved budgeted sales in 2011 of £6.2 million (2010 £5.5 million). This was mainly due to larger deals with the company's biggest accounts, and not least a sale to HSL which constitutes 9% of turnover. This has been achieved through the strategy introduced in 2010 of focusing on the largest accounts. With a continuing strong focus on controlling cost, profit after tax has improved year on year to £456,308 (2010 £79,360).

Description of principal risks and uncertainties

The budget for 2012 includes a certain activity increase due to the 2012 Olympic Games in London. The current economic situation in the UK might lead the major sponsors (BT, Coca-Cola, Panasonic etc.) to reduce the size of the sponsor-events around the Games.

A second uncertainty in the years to come is the implantation of the Belgium Dry hire company AED Rent in the UK, who is practicing equipment rental rate below market average. As AED is not a Martin customer, we might find competitors equipment for rent in the UK, and for very low rates, which could influence our sales margins.

Future development

The 2012 Olympics is expected to have a positive effect on turnover in 2012 and thus an increase in top line is budgeted. However the continuing strong competitive environment and the European debt crisis are expected to put downward pressure on prices and margins.

Results and dividends

The results for the year are set out in the attached profit and loss account. During the year no dividends were proposed or paid (2010 £nil).

Directors

The following directors have held office during the financial year and to the date of this report:

C Engsted
L Dige Knudsen
V Thomsen

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report *(continued)*

Political and charitable donations

The company made no political or charitable donations during the year (2010 £nil)

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



V Thomsen
Director

29 May 2012

Martin House
Belvoir Way
Fairfield Industrial Estate
Louth
Lincolnshire
LN11 0LQ

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities



Report of the independent auditor to the members of Martin Professional Limited

We have audited the financial statements of Martin Professional Limited for the year ended 31 December 2011 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

CN Parkin (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

29 May 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £	2010 As restated £
Turnover	2	6,153,908	5 452,354
Cost of sales		(3,861,121)	(3 914 394)
Gross profit		<u>2,292,787</u>	<u>1 537,960</u>
Distribution costs	3	(280,267)	(104 666)
Administrative expenses	3	(1,384,104)	(1,303,661)
Other operating income		20,000	20 000
Operating profit	3	<u>648,416</u>	<u>149 633</u>
Other interest receivable and similar income	4	19,147	11 665
Interest payable and similar charges	5	(7,432)	(11 938)
Profit on ordinary activities before taxation		<u>660,131</u>	<u>149,360</u>
Tax on profit on ordinary activities	6	(203,823)	(70,000)
Profit on ordinary activities after taxation	14	<u><u>456,308</u></u>	<u><u>79,360</u></u>

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

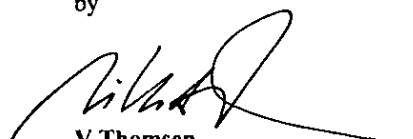
In both the current and preceding year, the company made no material acquisitions and had no discontinued operations

There is no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis

Balance sheet
as at 31 December 2011

	Note	2011	2010
		£	£
Fixed assets			
Tangible assets	7	-	-
Current assets			
Stocks	8	259,228	270,268
Debtors	9	4,265,094	3 649 485
Cash at bank and in hand		2,304	90
		<u>4,526,626</u>	<u>3 919,843</u>
Creditors amounts falling due within one year	10	<u>(1,315,145)</u>	<u>(1,164,670)</u>
Net current assets		<u>3,211,481</u>	<u>2,755 173</u>
Total assets less current liabilities and net assets		<u><u>3,211,481</u></u>	<u><u>2,755,173</u></u>
Capital and reserves			
Called up share capital	13	3,000,000	3,000,000
Share premium account	14	1,750,000	1,750 000
Profit and loss account	14	(1,538,519)	(1,994,827)
Shareholders' funds	15	<u><u>3,211,481</u></u>	<u><u>2,755,173</u></u>

These financial statements were approved by the board of directors on 29 May 2012 and were signed on their behalf by


V Thomsen
Director

Company registered number 02584290

Notes

(forming part of the financial statements)

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention

Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), which have been applied consistently, except as noted below

The following amendments to standards have been adopted in these financial statements for the first time

- Improvements to FRSs (mandatory for periods starting on/after 1 January 2011) FRS 8 Related Party Disclosures is amended to replace the definition of a related party with that set out in UK law

The following new and amendments to standards are not yet effective

- The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) (Amendment) Regulations 2011 is mandatory for periods starting on/after 1 October 2011

The company has taken advantage of the exemption in FRS 1 (revised) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 per cent of more of the voting rights are controlled within the group

The company has taken advantage of the exemption in FRS 8 'Related party disclosures' from the requirement to disclose transactions with wholly owned group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company and these are publicly available

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review section of the Directors' report

The directors have prepared profit and cash flow forecasts for a period in excess of 12 months from the date of these financial statements which show continued profits and cash generation

On this basis, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern assumption in preparing the financial statements

Turnover

Turnover represents amounts receivable for goods and services, net of value added tax and trade discounts, and is recognised when the goods and services have been supplied. When acting as a sales agent for the parent company, commission is recognised when the underlying goods and services have been supplied

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. 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

Fixtures, fittings and equipment	20% to 33% on cost
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Leasing

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Operating lease income is recognised in the profit and loss account on straight line basis over the period of the lease

Notes (continued)

1 Accounting policies (continued)

Stock

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials a standard purchase price is used which is updated on an annual basis. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Turnover

Turnover consists of sales made to the following geographical markets. It also consists of sales in relation to the provision of goods and services alongside sales commission received.

	2011 £	2010 £
United Kingdom	6,119,674	4,791,932
Rest of Europe	34,234	655,666
USA	-	4,756
	<hr/> 6,153,908 <hr/>	<hr/> 5,452,354 <hr/>
	2011 £	2010 £
Provision of goods and services	5,597,636	5,452,354
Commission received	556,272	-
	<hr/> 6,153,908 <hr/>	<hr/> 5,452,354 <hr/>

Notes (continued)

3 Operating profit

	2011	2010
	£	£
<i>Operating profit is stated after charging/(crediting)</i>		
Operating lease rentals - Plant and machinery	7,405	7,405
- Other assets	73,732	81,992
Operating lease rental income - Plant and machinery	(20,000)	(20,000)
<i>Auditor's remuneration</i>		
Audit of these financial statements	8,550	9,000
Other services relating to taxation	5,550	2,500
	<u> </u>	<u> </u>

Distribution costs have been separately analysed during 2011 to aid the reader's understanding. Therefore 2010 has been restated on a comparable basis.

4 Interest receivable and similar income

	2011	2010
	£	£
Interest received on amounts due from group companies	19,147	11,665
	<u> </u>	<u> </u>

5 Interest payable and similar charges

	2011	2010
	£	£
On bank loans and overdrafts	7,432	11,938
	<u> </u>	<u> </u>

Notes (continued)

6 Taxation

	2011 £	2010 £
<i>Domestic current year tax</i>		
UK corporation tax	84,011	-
<i>Deferred tax (note 11)</i>		
Origination and reversal of timing differences	118,408	70,000
Adjustment in respect of prior years	1,404	-
Total deferred tax	<u>119,812</u>	<u>70,000</u>
Total tax charge	<u><u>203,823</u></u>	<u><u>70,000</u></u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2010 lower) than the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before taxation	660,131	149,360
Tax using the UK corporation tax rate of 26.5% (2010 28%)	<u>174,935</u>	<u>41,821</u>
<i>Effects of</i>		
Non deductible expenses	23,913	1,944
Capital allowances in excess of depreciation	(4,554)	(6,016)
Tax losses utilised	(109,366)	(35,472)
Other tax adjustments	(917)	(2,277)
Current tax charge	<u><u>84,011</u></u>	<u><u>-</u></u>

Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 30 March 2012.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the Company's deferred tax asset accordingly.

Notes (continued)

7 Tangible fixed assets

	Fixtures, fittings and equipment £
<i>Cost</i>	
At 1 January 2011 and 31 December 2011	142,235
<i>Accumulated depreciation</i>	
At 1 January 2011 and 31 December 2011	142,235
<i>Net book value</i>	
At 31 December 2011	-
At 31 December 2010	-

The cost of assets held for leasing under operating leases included within fixtures, fittings and equipment above at 31 December 2011 amounted to £142,235 (2010 £142,235). The accumulated depreciation relating to those assets as at 31 December 2011 amounted to £142,235 (2010 £142,235).

8 Stocks

	2011 £	2010 £
Finished goods and goods for resale	259,228	270,268

9 Debtors

	2011 £	2010 £
Trade debtors	1,300,751	1,019,273
Amounts owed by parent and fellow subsidiary undertakings	2,907,980	2,454,375
Other debtors	-	11,774
Prepayments and accrued income	39,175	27,063
Deferred tax asset (note 11)	17,188	137,000
	4,265,094	3,649,485

Notes (continued)

10 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	177,391	156,637
Trade creditors	26,706	20,400
Amounts owed to parent and fellow subsidiary undertakings	629,409	725,283
Corporation tax	84,011	-
Taxes and social security	290,190	221,179
Accruals and deferred income	107,438	41,171
	<u>1,315,145</u>	<u>1,164,670</u>

The bank overdraft is guaranteed by Martin Gruppen A/S. All amounts owing to Martin Gruppen A/S are secured by a debenture dated 5 February 1996 which includes a fixed and floating charge over all the property and assets of the company.

11 Deferred taxation

The deferred tax asset (included in debtors, note 9) is made up as follows

	2011 £	2010 £
Opening balance	137,000	207,000
Profit and loss account charge	(119,812)	(70,000)
	<u>17,188</u>	<u>137,000</u>
Closing balance	17,188	137,000

	2011 £	2010 £
Decelerated capital allowances	17,188	23,204
Other timing differences	-	935
Tax losses available	-	112,861
	<u>17,188</u>	<u>137,000</u>

The deferred tax asset has been recognised on the basis that forecasts for the company show a reasonable expectation that profits will arise against which this asset will reverse.

Notes (continued)

12 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are negotiated individually with the relevant employee. At the year end contributions amounting to £nil (2010 £3,462) were unpaid.

	2011 £	2010 £
Contributions payable by the company for the year	14,431	20,702

13 Share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
3 000 000 Ordinary shares of £1 each	3,000,000	3,000,000

14 Reserves

	Share premium account £	Profit and loss account £
Opening balance	1,750,000	(1,994,827)
Profit for the year	-	456,308
Balance at 31 December 2011	1,750,000	(1,538,519)

15 Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Profit for the financial year	456,308	79,360
Opening shareholders' funds	2,755,173	2,675,813
Closing shareholders' funds	3,211,481	2,755,173

Notes (continued)

16 Financial commitments

At 31 December 2011, the company was committed to making the following annual payments under non-cancellable operating leases

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
<i>Operating leases which expire</i>				
Within one year	-	-	1,234	4,838
In the second to fifth years inclusive	26,000	26,000	71,004	53,211
	<u>26,000</u>	<u>26,000</u>	<u>72,238</u>	<u>58,049</u>

17 Directors' emoluments

	2011	2010
	£	£
Emoluments for qualifying services	-	-
Company pension contributions to money purchase schemes	-	-
	<u>-</u>	<u>-</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes is nil (2010 nil)

The emoluments paid to the directors who are also directors of the parent undertaking are disclosed in the financial statements of Martin Professional A/S, as it is not practicable to allocate these emoluments between services to this company and services to other group companies

18 Employees

	2011	2010
	£	£
<i>The average number of employees during the year was</i>		
Sales and administration	8	9
	<u>8</u>	<u>9</u>
	2011	2010
	£	£
<i>Employment costs</i>		
Wages and salaries	384,385	388,196
Social security costs	50,754	48,505
Other pension costs	14,431	20,702
	<u>449,570</u>	<u>457,403</u>

19 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, Oluf Plumes Alle 16, DK-8200 Aarhus N, Denmark and may be inspected at the company's registered office.