

Martin Professional Limited
(formerly Martin Professional Plc)

**Directors' report and financial
statements**

Registered number 02584290

31 December 2010



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Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2010

Change of name

On 13 January 2010 the company changed its name from Martin Professional Plc to Martin Professional Limited

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 the complete restructuring carried out in 2009, leaving the company with a much more lean, efficient structure, efforts were in 2010 mainly concentrated on focusing on customer services and sales, thus bringing gross margins up to a profitable level. During the year a new price list and discount structure was introduced. At the same time a partner program was implemented, making sure the company's and employees' attentions are directed to the right customers. These introductions caused certain turbulence, especially with our smaller and very small customers, but strongly improved our partnership with the biggest players in the market.

From a sales perspective the year ended slightly below £5.5 million which is 13% below last year's result. This is mainly explained by the financial crisis which continued to freeze new investments for entertainment and architectural projects. Despite an extremely aggressive competitive environment the company succeeded in increasing margins.

Future development

With the latest innovative products introduced by the Martin Group, and the continued investments made by the group in R&D, our product portfolio is very strong. Continued focus will be put on the project market, and special attention will be paid to the emerging projects prior to the 2012 Olympics. The company expects sales to grow in 2011, but full attention will still be paid to our 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 (2009: £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.

Political and charitable donations

The company made no political or charitable donations during the year (2009: £nil).

Directors' report *(continued)*

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 for suppliers outside the group at 31 December 2010 was 27 days (2009 28 days)

Auditors

Dendy Neville Limited resigned as auditors during the year and KPMG LLP were appointed 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

15 June 2011

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 auditors to the members of Martin Professional Limited (formerly Martin Professional Plc)

We have audited the financial statements of Martin Professional Limited for the year ended 31 December 2010 set out on pages 5 to 13. 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 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 directors and auditors

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 2010 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

15 June 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010 £	2009 £
Turnover	2	5,452,354	6,258,931
Cost of sales		<u>(3,914,394)</u>	<u>(5,087,966)</u>
Gross profit		1,537,960	1,170,965
Administrative expenses		(1,408,327)	(1,744,413)
Other operating income		<u>20,000</u>	<u>46,120</u>
Operating profit/(loss)	3	149,633	(527,328)
Cost of fundamental reorganisation	3	-	(146,043)
Other interest receivable and similar income	4	11,665	24,685
Interest payable and similar charges	5	<u>(11,938)</u>	<u>(771)</u>
Profit/(loss) on ordinary activities before taxation		149,360	(649,457)
Tax on profit/(loss) of ordinary activities	6	<u>(70,000)</u>	<u>182,993</u>
Profit/(loss) on ordinary activities after taxation	14	<u><u>79,360</u></u>	<u><u>(466,464)</u></u>

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

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

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 2010

	<i>Note</i>	£	2010 £	£	2009 £
Fixed assets					
Tangible assets	7		-		-
Current assets					
Stocks	8	270,268		303,123	
Debtors	9	3,649,485		3,031,014	
Cash at bank and in hand		90		150	
		<u>3,919,843</u>		<u>3,334,287</u>	
Creditors amounts falling due within one year	10	(1,164,670)		(658,474)	
Net current assets			<u>2,755,173</u>		<u>2,675,813</u>
Total assets less current liabilities and net assets			<u><u>2,755,173</u></u>		<u><u>2,675,813</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		(1,994,827)		(2,074,187)
Shareholders' funds	15		<u><u>2,755,173</u></u>		<u><u>2,675,813</u></u>

These financial statements were approved by the board of directors on 15 June 2011 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 otherwise stated)

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

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

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

Stock

Stocks are stated at the lower of cost and net realisable value

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

Notes (continued)

1 Accounting policies (continued)

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 and relates to one class of business

	2010 £	2009 £
United Kingdom	4,791,932	6,018,302
Rest of Europe	655,666	239,400
USA	4,756	1,229
	<u>5,452,354</u>	<u>6,258,931</u>

3 Operating profit/(loss)

	2010 £	2009 £
<i>Operating profit/(loss) is stated after charging/(crediting)</i>		
Depreciation of tangible assets	-	9,401
Operating lease rentals - Plant and machinery	7,405	61,604
- Other assets	81,992	131,031
Operating lease rental income - Plant and machinery	(20,000)	(46,120)
<i>Auditors' remuneration</i>		
Audit of these financial statements	9,000	19,000
Other services relating to taxation	2,500	8,300
Other non-audit services	-	8,860
	<u> </u>	<u> </u>

Costs amounting to £nil (2009 £146,043) have been included within the profit and loss account in relation to the fundamental reorganisation in 2009 which includes relocation and redundancy costs

4 Interest receivable and similar income

	2010 £	2009 £
Interest received on amounts due from group companies	11,665	24,685
	<u> </u>	<u> </u>

5 Interest payable and similar charges

	2010 £	2009 £
On bank loans and overdrafts	11,938	771
	<u> </u>	<u> </u>

Notes (continued)

6 Taxation

	2010 £	2009 £
<i>Domestic current year tax</i>		
UK corporation tax	-	(11,430)
Adjustments for prior years	-	(3,563)
	<hr/>	<hr/>
Current tax charge/(credit)	-	(14,993)
<i>Deferred tax</i>		
Deferred tax charge/(credit)	70,000	(168,000)
	<hr/>	<hr/>
Total tax charge/(credit)	<u>70,000</u>	<u>(182,993)</u>

Factors affecting the tax charge for the current period

The current tax charge/(credit) for the period is lower (2009 lower) than the standard rate of corporation tax in the UK of 28% (2009 28 %). The differences are explained below

	2010 £	2009 £
Profit/(loss) on ordinary activities before taxation	149,360	(649,457)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 28% (2009 28%)	41,821	(181,848)
<i>Effects of</i>		
Non deductible expenses	1,944	10,838
Capital allowances in excess of depreciation	(6,016)	(6,257)
Tax losses utilised	(35,472)	165,837
Other tax adjustments	(2,277)	-
Adjustments for prior years	-	(3,563)
	<hr/>	<hr/>
Current tax charge	-	(14,993)

The company has estimated losses of £418,004 (2009 £587,000) available for carry forward against future trading profits

Factors that may affect future tax charges

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. This tax change became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balances as at 31 December 2010 has been included in the figures above.

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011. This change became substantively enacted on 29 March 2011 and therefore the effect of the rate would create an additional reduction in the deferred tax asset of approximately £5,000. This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date.

Notes (continued)

7 Tangible fixed assets

	Fixtures, fittings and Equipment £
<i>Cost</i>	
At 1 January 2010 and 31 December 2010	142,235
<i>Accumulated depreciation</i>	
At 1 January 2010 and 31 December 2010	142,235
<i>Net book value</i>	
At 31 December 2010	-
At 31 December 2009	-

The cost of assets held for leasing under operating leases included within fixtures, fittings and equipment above at 31 December 2010 amounted to £142,235 (2009 £142,235). The accumulated depreciation relating to those assets as at 31 December 2010 amounted to £142,235 (2009 £142,235).

8 Stocks

	2010 £	2009 £
Finished goods and goods for resale	270,268	303,123

9 Debtors

	2010 £	2009 £
Trade debtors	1,019,273	1,326,460
Amounts owed by parent and fellow subsidiary undertakings	2,454,375	1,441,058
Corporation tax	-	11,430
Other debtors	11,774	5,878
Prepayments and accrued income	27,063	39,188
Deferred tax asset (note 11)	137,000	207,000
	3,649,485	3,031,014

Notes (continued)

10 Creditors amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts	156,637	270,038
Trade creditors	20,400	49,261
Amounts owed to parent and fellow subsidiary undertakings	725,283	23,512
Taxes and social security	221,179	220,265
Other creditors	-	15,158
Accruals and deferred income	41,171	80,240
	<u>1,164,670</u>	<u>658,474</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 Provisions for liabilities

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

	2010 £	2009 £
Opening balance	(207,000)	(39,000)
Profit and loss account	70,000	(168,000)
	<u>(137,000)</u>	<u>(207,000)</u>
	2010 £	2009 £
Decelerated capital allowances	(23,204)	(39,750)
Other timing differences	(935)	(3,250)
Tax losses available	(112,861)	(174,000)
	<u>(137,000)</u>	<u>(207,000)</u>

The deferred tax asset provided above 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 £3,462 (2009 £11,595) were unpaid.

	2010 £	2009 £
Contributions payable by the company for the year	20,702	78,056

13 Share capital

	2010 £	2009 £
<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	(2,074,187)
Profit for the year	-	79,360
Balance at 31 December 2010	1,750,000	(1,994,827)

15 Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Profit/(loss) for the financial year	79,360	(466,464)
Opening shareholders' funds	2,675,813	3,142,277
Closing shareholders' funds	2,755,173	2,675,813

Notes (continued)

16 Financial commitments

At 31 December 2010, the company was committed to making the following annual payments under non-cancellable operating leases

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
<i>Operating leases which expire</i>				
Within one year	26,000	22,750	4,838	9,394
Between two and five years	-	-	53,211	64,068
	<u>26,000</u>	<u>22,750</u>	<u>58,049</u>	<u>73,462</u>

17 Directors' emoluments

	2010	2009
	£	£
Emoluments for qualifying services	-	108,682
Company pension contributions to money purchase schemes	-	17,217
	<u>-</u>	<u>125,699</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes is nil (2009 one)

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

	2010	2009
	£	£
<i>The average number of employees (including directors) during the year was</i>		
Sales and administration	9	18
	<u>9</u>	<u>18</u>
	2010	2009
	£	£
<i>Employment costs</i>		
Wages and salaries	388,196	718,385
Social security costs	48,505	87,019
Other pension costs	20,702	78,056
	<u>457,403</u>	<u>883,460</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.