

**Martin Professional Limited**

**Directors' report, strategic report  
and financial statements**

**Registered number 02584290**

**30 June 2014**

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## **Directors' report**

The directors present their report and the audited financial statements for the year ended 30 June 2014.

### **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.

### **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 (2013: *£nil*).

### **Directors**

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

J Stacey	Appointed 5 November 2014
T Suko	Appointed 5 November 2014
L Dige Knudsen	Resigned 5 November 2014
JS Holtze Kjaer	Resigned 5 November 2014
V Thomsen	Resigned 5 November 2014

### **Disclosure of information to auditor**

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 auditor is 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 auditor is aware of that information.

### **Political and charitable donations**

The company made no political or charitable donations during the year (2013: *£nil*).

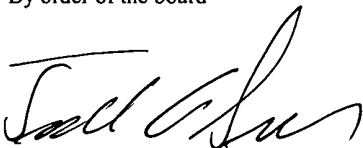
### **Post balance sheet event**

As a result of a restructuring exercise within the Harman Inc group, the trade debtors of the Company were sold to Harman International Industries Limited on 1 January 2015. Harman International Industries Limited also commenced to carry on the trade of the Company from this date. All of the employees of the Company have been transferred to Harman International Industries Limited.

### **Auditor**

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

By order of the board



**T Suko**  
Director

27 February 2015

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

## Strategic report

### Business review

In the prior period, the Martin Professional A/S group that the Company forms part of was purchased by HARMAN International Industries, Incorporated, a company registered in the USA.

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

The year ended 30 June 2014 showed strong performance with a 17% increase in annualised sales revenue principally due to product launches and a general improvement in the market. Revenues were underpinned by the introduction of new MAC quantum product in October 2014. Sales for the year were £7,648,745 and delivered a profit before taxation of £506,681.

### Key performance indicators

The company uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised below:

	Year to 30 June 2014 £	6 months to 30 June 2013 £
Turnover	7,648,745	3,272,021
Gross profit	2,165,226	884,316
Gross profit %	28%	27%
Operating profit	497,337	30,220

### Principal risks and uncertainties

The directors constantly monitor the risks and uncertainties facing the company with particular reference to the exposure to foreign currency risk, liquidity risk and credit risk. They are confident that there are suitable policies in place and there are no material risks and uncertainties which have not been considered. The Company's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations. During the year no trading in financial instruments was undertaken.

#### Liquidity risk

The Company has sufficient available funds for operations and planned activities. The Company's funding comes from the cash flow it generates from operations.

#### Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is a key risk of the business which is managed through close credit control and developing strong relationships with customers.

#### Foreign Currency Risk

The company does not have significant exposure to foreign currency risk arising from trade receivables and payables which are denominated in foreign currency.

## **Strategic report** *(continued)*

### **Future development**

The outlook for 2014/15 is based around the continued expansion of the servicing department which is expected to continue to grow sales. As noted within the directors' report, these sales will take place within Harman International Industries Limited from 1 January 2015.

By order of the board



**T Suko**  
*Director*

27 February 2015

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

## **Statement of directors' responsibilities in respect of the directors' report, the strategic report and the financial statements**

The directors are responsible for preparing the directors' report, the strategic 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 30 June 2014 set out on pages 6 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 4, 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 30 June 2014 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 and strategic 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.

**Craig Parkin** (Senior Statutory Auditor)

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

27 February 2015

**Profit and loss account**  
*for the year ended 30 June 2014*

	<i>Note</i>	Year to 30 June 2014 £	6 months to 30 June 2013 £
<b>Turnover</b>	2	7,648,745	3,272,021
Cost of sales		(5,483,519)	(2,387,705)
<b>Gross profit</b>		2,165,226	884,316
Distribution costs		(198,866)	(98,932)
Administrative expenses		(1,469,023)	(755,164)
<b>Operating profit</b>	3	497,337	30,220
Interest receivable and similar income	4	13,736	7,024
Interest payable and similar charges	5	(4,392)	(3,463)
<b>Profit on ordinary activities before taxation</b>		506,681	33,781
Tax on profit on ordinary activities	6	(115,303)	(7,913)
<b>Profit on ordinary activities after taxation</b>	14	391,378	25,868

There were no recognised gains or losses in either the current year or preceding period 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 year and preceding period, 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.

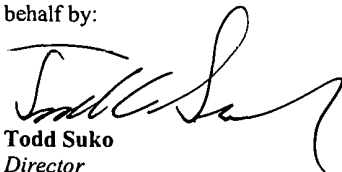
As a result of a restructuring exercise within the Harman Inc group, the trade debtors of the Company were sold to Harman International Industries Limited on 1 January 2015. Harman International Industries Limited also commenced to carry on the trade of the Company from this date.



**Balance sheet**  
as at 30 June 2014

	Note	2014	2013
		£	£
<b>Fixed assets</b>			
Tangible assets	7	-	-
<b>Current assets</b>			
Stocks	8	95,307	31,300
Debtors	9	5,536,245	4,878,678
Cash at bank and in hand		59,485	377
		<u>5,691,037</u>	<u>4,910,355</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,053,965)</u>	<u>(1,664,661)</u>
<b>Net current assets</b>		<u>3,637,072</u>	<u>3,245,694</u>
<b>Total assets less current liabilities</b>		<u><u>3,637,072</u></u>	<u><u>3,245,694</u></u>
<b>Capital and reserves</b>			
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	(1,112,928)	(1,504,306)
<b>Shareholders' funds</b>	15	<u><u>3,637,072</u></u>	<u><u>3,245,694</u></u>

These financial statements were approved by the board of directors on 27 February 2015 and were signed on their behalf by:

  
**Todd Suko**  
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 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 or 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 strategic 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.

#### ***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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *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 consists of sales in relation to the provision of goods and services.

	Year to 30 Jun 14 £	6 months to 30 Jun 13 £
United Kingdom	7,617,073	3,272,021
Republic of Ireland	31,672	-
	<u>7,648,745</u>	<u>3,272,021</u>

### 3 Operating profit

	Year to 30 Jun 14 £	6 months to 30 Jun 13 £
<i>Operating profit is stated after charging:</i>		
Operating lease rentals - Land and buildings	31,968	21,950
- Other assets	61,686	50,073
<i>Auditor's remuneration</i>		
Audit of these financial statements	10,000	9,000
Other services relating to taxation	2,500	2,000
	<u>102,154</u>	<u>83,023</u>

### 4 Interest receivable and similar income

	Year to 30 Jun 14 £	6 months to 30 Jun 13 £
Interest received on amounts due from group companies	13,736	7,024
	<u>13,736</u>	<u>7,024</u>

## Notes (continued)

### 5 Interest payable and similar charges

	Year to 30 Jun 14 £	6 months to 30 Jun 13 £
On bank loans and overdrafts	4,392	3,463

### 6 Taxation

	Year to 30 Jun 14 £	6 months to 30 Jun 13 £
<i>Domestic current year tax:</i>		
UK corporation tax	111,938	6,753
<i>Deferred tax (note 11):</i>		
Origination and reversal of timing differences	3,365	1,160
Total deferred tax	3,365	1,160
Total tax charge	115,303	7,913

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2013: lower) than the standard rate of corporation tax in the UK of 22.5% (2013: 23.5%). The differences are explained below.

	Year to 30 Jun 14 £	6 months to 30 Jun 13 £
Profit on ordinary activities before taxation	506,681	33,781
Tax using the UK corporation tax rate of 22.5% (2013: 23.5%)	114,003	7,938
<i>Effects of:</i>		
Capital allowances in excess of depreciation	(2,065)	(1,185)
Current tax charge	111,938	6,753

#### *Factors that may affect future tax charges*

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 3 July 2013. This will reduce the company's future current tax charge accordingly.

The deferred tax asset has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

## Notes (continued)

### 7 Tangible fixed assets

	Fixtures, fittings and equipment £
<i>Cost:</i>	
At 1 July 2013 and 30 June 2014	142,235
<i>Accumulated depreciation:</i>	
At 1 July 2013 and 30 June 2014	142,235
<i>Net book value:</i>	
At 30 June 2014	-
At 30 June 2013	-

### 8 Stocks

	2014 £	2013 £
Finished goods and goods for resale	95,307	31,300

### 9 Debtors

	2014 £	2013 £
Trade debtors	1,737,061	1,252,299
Amounts owed by parent and fellow subsidiary undertakings	3,767,618	3,554,658
Prepayments and accrued income	16,385	33,721
Deferred tax asset (note 11)	8,363	11,728
Other debtors	-	19,454
Deposits	6,818	6,818
	5,536,245	4,878,678

### 10 Creditors: amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	-	273,221
Trade creditors	36,699	8,154
Amounts owed to parent and fellow subsidiary undertakings	1,365,036	875,030
Corporation tax	72,691	6,753
Taxes and social security	490,895	380,407
Accruals and deferred income	88,644	121,096
	2,053,965	1,664,661

## Notes (continued)

### 11 Deferred taxation

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

	2014 £	2013 £
Opening balance	11,728	12,888
Profit and loss account charge	(3,365)	(1,160)
Closing balance	<u>8,363</u>	<u>11,728</u>
	2014 £	2013 £
Decelerated capital allowances	<u>8,363</u>	<u>11,728</u>
	<u>8,363</u>	<u>11,728</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.

### 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 (2013: £nil) were unpaid.

	2014 £	2013 £
Contributions payable by the company for the period	<u>15,095</u>	<u>7,406</u>

### 13 Share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid:</i>		
3,000,000 Ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>

### 14 Reserves

	Share premium account £	Profit and loss account £
Opening balance	1,750,000	(1,504,306)
Profit for the period	-	391,378
Balance at 30 June 2014	<u>1,750,000</u>	<u>(1,112,928)</u>

## Notes (continued)

### 15 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Profit for the financial period	391,378	25,868
Opening shareholders' funds	3,245,694	3,219,826
	<hr/>	<hr/>
Closing shareholders' funds	3,637,072	3,245,694
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### 16 Financial commitments

At 30 June 2014, the company was committed to making the following annual payments under non-cancellable operating leases

	Land and buildings		Other	
	2014 £	2013 £	2014 £	2013 £
<i>Operating leases which expire:</i>				
Within one year	31,968	-	6,706	-
In the second to fifth years inclusive	-	31,968	20,604	59,226
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	31,968	31,968	27,310	59,226
	<hr/>	<hr/>	<hr/>	<hr/>

### 17 Directors' emoluments

The emoluments paid to the directors who are also directors of the parent undertaking are borne by and 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.

The number of directors for whom retirement benefits are accruing under money purchase pension schemes is nil (2013: nil).

### 18 Employees

	2014 £	2013 £
<i>The average number of employees during the period was:</i>		
Sales and administration	7	8
	<hr/>	<hr/>
	2014 £	2013 £
<i>Employment costs:</i>		
Wages and salaries	388,506	223,932
Social security costs	55,115	28,295
Other pension costs	15,095	7,406
	<hr/>	<hr/>
	458,716	259,633
	<hr/>	<hr/>

## **Notes (continued)**

### **19 Control**

As at 30 June 2014 the directors regard Martin Professional A/S, a company incorporated and resident in Denmark, as the immediate parent company. The directors regard HARMAN International Industries Inc., a company incorporated and resident in the USA, as both the ultimate parent and controlling company. Copies of the parent company's consolidated group financial statements are available from the Administration, HARMAN International Industries Inc., 400 Atlantic Street, Stamford, Connecticut, 06901 and may be inspected at the company's registered office.

### **20 Post balance sheet event**

As a result of a restructuring exercise within the Harman Inc group, the trade debtors of the Company were sold to Harman International Industries Limited on 1 January 2015. Harman International Industries Limited also commenced to carry on the trade of the Company from this date. All of the employees of the Company have been transferred to Harman International Industries Limited.