

**H&J Martin Holdings Limited**  
**Annual Report**  
**for the year ended 31 December 2011**

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# H&J Martin Holdings Ltd

## Annual report for the year ended 31 December 2011

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## Directors and advisers

### Directors

W G Martin (Chairman)  
D W R Martin  
T W D Martin  
G H G Martin

### Company secretary

W G Martin

### Registered office

163 Ormeau Road  
Belfast  
BT7 1SP

### Solicitors

McKinty and Wright  
5 – 7 Upper Queen Street  
Belfast  
BT1 6SS

Cleaver, Fulton & Rankin  
50 Bedford Street  
Belfast  
BT1 7FW

### Bankers

Northern Bank Limited  
Donegall Square West  
Belfast  
BT1 6JS

### Statutory auditors

KPMG  
Stokes House  
17-25 College Square East  
Belfast  
BT1 6DH

## Directors' report for the year ended 31 December 2011

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

### Principal activities

H&J Martin Holdings Limited is an investment holding company. The principal activities of the group involve construction, fit-out and facilities management and the renting and development of property.

### Review of business and future developments

The directors consider the results for the year to be satisfactory. The group continues to operate in a competitive marketplace and will continue to seek every opportunity to increase profitable turnover. It is anticipated, however, that current levels of performance will be maintained in 2012.

### Principal risks and uncertainties

The key business risks which could impact the performance of the group are considered to be competition from both national and international contractors.

### Key performance indicators (KPI's)

The group's key performance indicators are as follows:

	2011	As restated 2010
Turnover (£)	115,617,759	91,549,939
Operating profit (£)	326,065	929,040

### Environment

The group recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

### Health and safety

The group is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

### Human resources

The group's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the group has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

### Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in the market price of raw and manufactured materials, credit risk, liquidity risk and interest rate risk. The group has in place various procedures that seek to limit the adverse effects on the financial performance of the group by monitoring each area of risk including levels of debt finance and the related finance costs.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

#### Price risk

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature. The group has no exposure to equity securities price risk as it holds no listed or other equity investments.

## Directors' report for the year ended 31 December 2011 (continued)

### Financial risk management (continued)

#### *Foreign exchange risk*

While the greater part of the group's revenues and expenses are denominated in sterling, the group is exposed to foreign exchange risk in the normal course of business, principally on sales in Euro. The group regularly reviews its potential exposure to movements in foreign exchange and when appropriate it will use certain financial instruments in order to hedge against adverse foreign exchange movements.

#### *Credit risk*

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the board.

#### *Liquidity risk*

The group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for operations and planned expansions.

#### *Interest rate cash flow risk*

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, a portion of which earn interest at fixed rates. The group will, if it is considered appropriate, maintain a portion of its debt at fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

### Results and dividends

The (loss) / profit for the financial year is £(174,173) (2010: as restated profit of £752,694). A dividend of £65,000 (2010: £65,000) was paid during the year.

### Political and charitable donations

The group made charitable donations amounting to £3,962 (2010: £12,785) during the year principally for the benefit of local communities in which the group operates. No donations for political purposes were made during the year (2010: £Nil).

### Directors

The directors who served during the year are shown on page 1.

### Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities 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 the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the company.

## Directors' report for the year ended 31 December 2011 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 group and company will continue in business.

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

### Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware:

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

### Independent auditors

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

By order of the Board



D W R Martin  
Managing Director

Date 28 June 2012

## Independent auditors' report to the members of H&J Martin Limited

We have audited the financial statements of H&J Martin Holdings Limited for the year ended 31 December 2011 which comprise the consolidated profit and loss account, the consolidated statement of total recognized gains and losses, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors

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 (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 website at [www.frc.org.uk/apb/scope/private.cfm](http://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 group's and of the parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

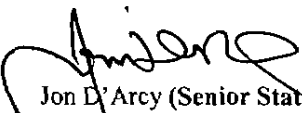
### Opinion on other matter prescribed by the Companies Act 2006

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

  
Jon D'Arcy (Senior Statutory Auditor)  
~~for and on behalf of KPMG~~, Statutory Auditor  
Chartered Accountants  
Stokes House  
17-25 College Square East  
Belfast  
BT1 6DH

Date

29 June 2012

## Consolidated profit and loss account for the year ended 31 December 2011

		2011	As restated 2010
	Notes		£
Turnover including share of joint venture		115,617,759	89,965,256
Less share of joint venture		-	-
<b>Group Turnover</b>	2	115,617,759	89,965,256
Cost of sales		(108,181,058)	(82,717,550)
<b>Gross profit</b>		7,436,701	7,247,706
Administrative expenses		(7,232,320)	(6,463,447)
Other operating income		121,684	144,781
<b>Group Operating profit</b>	3	326,065	929,040
Share of operating profit in joint venture	12	-	-
<b>Total Operating profit including joint ventures</b>		326,065	929,040
Profit on sale of fixed assets		35,000	143,000
Exceptional item – restructuring costs		(311,748)	-
Interest receivable and similar income		88,202	111,197
Interest payable and similar charges	6	(83,143)	(79,485)
<b>Profit on ordinary activities before taxation</b>		54,376	1,103,752
Tax on profit on ordinary activities	7	(228,549)	(351,058)
<b>(Loss) / profit for the financial year</b>	8 & 21	(174,173)	752,694

All amounts above relate to continuing operations of the group.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents.




**Consolidated statement of total recognised gains and losses  
for the year ended 31 December 2011**

	2011	As restated 2010
	£	£
Profit for the financial year	(174,173)	752,694
Revaluation	-	(550,000)
Currency translation difference on foreign currency net investments	23,880	(16,797)
<b>Total recognised gains and losses relating to the year</b>	<b>(150,293)</b>	<b>185,897</b>
Prior year adjustment (as explained in note 30)	(108,696)	-
Currency translation difference on prior year adjustment	1,565	-
<b>Total recognised gains and losses since last annual report</b>	<b>(257,424)</b>	<b>185,897</b>

## Consolidated balance sheet as at 31 December 2011

		2011	As restated 2010
	Notes	£	£
<b>Fixed assets</b>			
Intangible assets	10	2,296,698	2,427,938
Tangible assets	11	5,609,987	5,551,966
Investment in joint venture			
Share of gross assets		841,735	908,796
Share of gross liabilities		(841,735)	(908,796)
Other investments	12	50,100	50,100
<b>Total investments</b>		<b>50,100</b>	<b>50,100</b>
		<b>7,956,785</b>	<b>8,030,004</b>
<b>Current assets</b>			
Stock	13	2,350,773	2,644,192
Debtors	14	28,422,044	20,585,068
Cash at bank and in hand		8,273,062	6,066,768
		<b>39,045,879</b>	<b>29,296,028</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(32,834,391)</b>	<b>(22,594,859)</b>
<b>Net current assets</b>		<b>6,211,488</b>	<b>6,701,169</b>
<b>Total assets less current liabilities</b>		<b>14,168,273</b>	<b>14,731,173</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(1,455,655)</b>	<b>(1,803,262)</b>
<b>Net assets</b>		<b>12,712,618</b>	<b>12,927,911</b>
<b>Capital and reserves</b>			
Called up share capital	20	100,002	100,002
Revaluation reserve	21	702,592	702,592
Profit and loss account	21	11,910,024	12,125,317
<b>Total shareholders' funds</b>	22	<b>12,712,618</b>	<b>12,927,911</b>

The financial statements on pages 6 to 24 were approved by the board on 28 June 2012 and were signed on its behalf by:

  
W G Martin  
Director

## Company balance sheet as at 31 December 2011

	Notes	2011 £	2010 £
<b>Fixed assets</b>			
Investments	12	299,901	299,901
<b>Current assets</b>			
Debtors	14	2	2
Cash at bank and in hand		54,682	54,707
		54,684	54,709
<b>Creditors: amounts falling due within one year</b>	16	(251,184)	(251,184)
<b>Net current liabilities</b>		(196,500)	(196,475)
<b>Net assets</b>		103,401	103,426
<b>Capital and reserves</b>			
Called up share capital	20	100,002	100,002
Profit and loss account	21	3,399	3,424
<b>Total shareholders' funds</b>		103,401	103,426

The financial statements on pages 6 to 24 were approved by the board on 28 June 2012 and were signed on its behalf by:

*W G Martin*  
W G Martin  
Director

## Consolidated cash flow statement for the year ended 31 December 2011

	Notes	2011 £	As restated 2010 £
<b>Net cash inflow / (outflow) from operating activities</b>	23	<b>3,306,536</b>	<b>(1,837,204)</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		88,202	111,197
Interest paid		(79,731)	(71,588)
Interest element of hire purchases and finance lease payments		(3,412)	(7,897)
		<b>5,059</b>	<b>31,712</b>
<b>Taxation</b>			
Corporation tax paid		(304,685)	(676,250)
		<b>(304,685)</b>	<b>(676,250)</b>
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(413,569)	(362,887)
Proceeds on sale of tangible fixed assets		37,863	158,500
		<b>(375,706)</b>	<b>(204,387)</b>
<b>Acquisitions and disposals</b>			
Acquisition of subsidiary		-	-
<b>Dividends paid</b>		<b>(65,000)</b>	<b>(65,000)</b>
<b>Net cash inflow / (outflow) before financing</b>		<b>2,566,204</b>	<b>(2,751,129)</b>
<b>Financing</b>			
Repayment of bank loans		(415,161)	(495,879)
Advances / (Repayment) of principal under hire purchase and finance lease agreements		55,251	(78,327)
		<b>(359,910)</b>	<b>(574,206)</b>
<b>Increase / (Decrease) in cash in the year</b>	24 - 25	<b>2,206,294</b>	<b>(3,325,335)</b>

## Notes to the financial statements for the year ended 31 December 2011

### 1 Accounting policies

These financial statements are prepared on the going concern basis under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. However compliance with SSAP 19, "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 2006 relating to depreciation and an explanation of the departure is given in the note relating to investment properties below.

#### Basis of consolidation

The consolidated financial statements include the financial statements of H&J Martin Holdings Limited and all of its subsidiary undertakings drawn up to 31 December 2011. Where subsidiary undertakings are acquired or disposed of during the year, the consolidated profit and loss account includes the results from or to the effective date of acquisition or disposal. Intra-group transactions are eliminated on consolidation.

#### Joint ventures

The group's share of results of joint ventures is included in the consolidated profit and loss account and the group's share of their net assets is included in the consolidated balance sheet using the gross equity accounting method.

#### Associated undertakings

The group's share of the results and net assets of associate undertakings are included using the equity accounting method.

#### Joint arrangements

The Group has certain contractual agreements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The Group includes its share of assets, liabilities and cashflows in such joint arrangements, measured in accordance with the terms of each arrangement.

#### Goodwill

Purchased goodwill arising on acquisitions is eliminated by amortisation through the profit and loss account over its useful economic life. The useful economic life of the asset shown in Note 10 has been estimated by the directors at twenty years.

#### Tangible fixed assets

Tangible fixed assets (except investment properties) are stated at cost less accumulated depreciation.

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

Freehold land	-	Nil
Building works	-	2% straight line
Plant and machinery and other equipment	-	10% to 33.3% straight line
Motor vehicles	-	25% straight line

#### Investment properties

Investment properties are stated at open market value. In accordance with SSAP 19 Investment properties are not depreciated. This treatment is a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets, however, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

## Notes to the financial statements for the year ended 31 December 2011

### 1 Accounting policies (continued)

#### Interest capitalised

Interest costs directly attributable to properties in the course of development are capitalised gross of tax relief during the period of development. Capitalisation of interest ceases when substantially all of the activities that are necessary to get the asset ready for use are complete.

#### Investments in subsidiaries

Investments in subsidiaries are held as non-current assets and are stated at historical cost less provision for impairment.

#### Development property

This represents land acquired at cost and expenditure incurred to date on sites where development has commenced, including capitalised interest on specific loans. It is stated at the lower of cost and net realisable value.

#### Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

#### Amounts recoverable on contracts

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. Where payments on account exceed turnover and long term work in progress, the excess is classified as payments on account and is separately disclosed within creditors.

#### Turnover

Turnover represents the value of contracting work executed together with rental income from investment properties and sales of development properties, excluding value added tax.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or the exchange rate of a related foreign exchange contract where appropriate. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the date of the transaction. The resulting gain or loss is dealt with in the profit and loss account.

Assets and liabilities of foreign subsidiaries are translated into sterling at rates of exchange ruling at the balance sheet date. The results and cash flows of foreign subsidiaries are translated into sterling using average rates of exchange. Exchange differences that result from translation of the group's long-term investment in its foreign subsidiaries and the profits for the year retained by those entities are reported as a movement in reserves.

## Notes to the financial statements for the year ended 31 December 2011

### 1 Accounting policies (continued)

#### Leased assets

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful economic life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Rentals under operating leases are charged to the profit and loss account as incurred.

#### Pension costs

The group operates a defined contribution scheme for its directors and employees. The cost of funding the defined contribution scheme is charged to the profit and loss account as incurred.

#### Government grants

Grants that relate to revenue expenditure are credited to the profit and loss account over the period that the revenue expenditure relates to.

### 2 Turnover

Turnover and results relate to the group's main activity which is carried out in the United Kingdom and the Republic of Ireland. No analysis of turnover and results is presented as the directors consider such disclosure to be seriously prejudicial to the group's interests.

### 3 Operating profit

	2011 £	2010 £
<b>This is stated after charging/(crediting):</b>		
Depreciation		
– owned assets	282,838	292,631
– under hire purchase and finance lease agreements	72,110	78,086
Goodwill amortisation	131,240	131,240
Other operating lease rentals	162,052	135,648
Fees payable to the company's auditor for:		
– the audit of the accounts	29,515	30,263
– other services relating to taxation	13,500	5,928
Government grants	(10,000)	(66,404)

## Notes to the financial statements for the year ended 31 December 2011

### 4 Employee information

The holding company has no employees aside from executive directors. None of the directors received any remuneration in respect of services to the holding company (2010: £Nil).

	2011 £	2010 £
<b>Staff costs</b>		
Wages and salaries	11,393,712	11,424,702
Social security costs	1,240,734	1,201,684
Other pension costs	399,879	298,077
	<b>13,034,325</b>	<b>12,924,463</b>
	Number	Number
<b>The average monthly number of persons employed by the group (including executive directors) during the year by activity was:</b>		
Weekly paid	130	144
Salaried	209	193
	<b>339</b>	<b>337</b>

### 5 Directors' emoluments

	2011 £	2010 £
Aggregate emoluments	605,877	408,833
Company pension contributions to defined contribution schemes	112,737	34,061
	<b>718,614</b>	<b>442,894</b>
	2011 £	2010 £
<b>Highest paid director</b>		
Aggregate emoluments	133,912	139,103
Company pension contributions to defined contribution schemes	19,619	23,252

Retirement benefits are accruing to two (2010: two) directors under defined contribution schemes.

### 6 Interest payable and similar charges

	2011 £	2010 £
Interest payable on bank loans and overdrafts	79,731	71,588
Interest payable on hire purchase and finance lease agreements	3,412	7,897
	<b>83,143</b>	<b>79,485</b>



## Notes to the financial statements for the year ended 31 December 2011

## 7 Tax on profit on ordinary activities

	2011 £	2010 £
<b>Current tax:</b>		
UK corporation tax on profits for the year	202,965	368,599
Overseas corporation tax on profits for the year	33,482	42,003
Adjustment in respect of previous periods	8,955	(74,605)
<b>Total current tax</b>	<b>245,402</b>	<b>335,997</b>
<b>Deferred tax:</b>		
Accelerated capital allowances and other timing differences	8,654	7,583
Adjustment in respect of previous periods	(29,379)	6,321
Impact of change in deferred tax rate	3,872	1,157
<b>Total deferred tax (Note 15)</b>	<b>(16,853)</b>	<b>15,061</b>
<b>Tax on profit on ordinary activities</b>	<b>228,549</b>	<b>351,058</b>

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 26.49% (2010: 28%). The differences are explained below:

	2011 £	As restated 2010 £
<b>Profit on ordinary activities before taxation</b>	<b>54,376</b>	<b>1,103,752</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 26.49% (2010: 28%)	14,404	309,050
Effect of:		
Expenses not deductible for tax purposes	21,430	41,971
Origination and reversal of timing differences	(3,032)	4,263
Overseas profits taxed at rates other than 28%	231,655	121,376
Tax at marginal rates	-	(1,966)
Adjustment in respect of previous periods	8,955	(74,605)
Other timing differences	(10,903)	(12,055)
Non-taxable income	(17,107)	(52,037)
<b>Current year tax charge</b>	<b>245,402</b>	<b>335,997</b>

## Factors affecting future tax charge

A phased reduction in the main rate of corporation tax from 28% to 24% was announced in the emergency budget on 22 June 2010. It is expected that this further fall in the main corporation tax rate will result in a reduction in the group's deferred tax asset and future current tax charge.

## 8 Profit for the financial year

As permitted by Section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company profit for the financial year is £64,975 (2010: £64,962).

## Notes to the financial statements for the year ended 31 December 2011

## 9 Dividends

	2011	2010
	£	£
Final paid – 65.00p per share (2009: 65.00p per share)	65,000	65,000

## 10 Intangible assets

	Goodwill
	£
<b>Cost</b>	
At 1 January 2011	2,624,798
<b>At 31 December 2011</b>	<b>2,624,798</b>
<b>Accumulated amortisation</b>	
At 1 January 2011	196,860
Charge for the year	131,240
<b>At 31 December 2011</b>	<b>328,100</b>
<b>Net book value</b>	
<b>At 31 December 2011</b>	<b>2,296,698</b>
At 31 December 2010	2,427,938

## 11 Tangible assets

Group	Investment property £	Land and buildings £	Plant, machinery and office equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2011	3,723,368	1,124,512	1,738,929	656,543	7,243,352
Additions	33,714	-	251,720	128,140	413,574
Currency adjustment	-	(1,069)	(8,084)	(5,011)	(14,164)
Disposals	-	-	-	(133,919)	(133,919)
<b>At 31 December 2011</b>	<b>3,757,082</b>	<b>1,123,443</b>	<b>1,982,565</b>	<b>645,753</b>	<b>7,508,843</b>
<b>Accumulated depreciation</b>					
At 1 January 2011	-	52,432	1,141,380	497,574	1,691,386
Charge for year	-	6,600	244,138	97,446	348,184
Currency Adjustment	-	(1,069)	(6,544)	(2,047)	(9,660)
On disposals	-	-	-	(131,056)	(131,056)
<b>At 31 December 2011</b>	<b>-</b>	<b>57,963</b>	<b>1,378,974</b>	<b>461,917</b>	<b>1,898,856</b>
<b>Net book value</b>					
<b>At 31 December 2011</b>	<b>3,757,082</b>	<b>1,065,481</b>	<b>603,590</b>	<b>183,834</b>	<b>5,609,987</b>
At 31 December 2010	3,723,368	1,072,080	597,549	158,969	5,551,966

## Notes to the financial statements for the year ended 31 December 2011

## 11 Tangible assets (continued)

## Analysis of land and buildings

Group	2011 £	2010 £
<b>The net book value of land and buildings comprises</b>		
Freehold	861,248	867,847
Long leasehold	204,233	204,233
	<b>1,065,481</b>	<b>1,072,080</b>

The net book value includes £9,164 (plant and machinery) and £105,294 (motor vehicles) in respect of assets held under hire purchase and finance lease agreements (2010: £19,162 (plant and machinery) and £54,259 (motor vehicles)).

The carrying value of the investment property includes £364,594 of interest on borrowings which had been capitalised in prior years. This interest was on specific borrowings used for development purposes. There has been no interest capitalised in the current year (2010: £Nil).

Group	Investment property 2011 £	Investment property 2010 £
<b>Analysis at valuation</b>		
Valuation – 31 December 2011	3,730,368	3,730,368
Cost	-	-
	<b>3,730,368</b>	<b>3,730,368</b>

The long leasehold investment property was valued on 31 December 2011 by the directors, on an open market value basis.

If the land and buildings had not been revalued, they would have been included at the following amounts:

Group	Investment property 2011 £	Investment property 2010 £
Cost	2,993,573	2,993,573
Aggregate depreciation	-	-
Net book value based on historical cost	<b>2,993,573</b>	<b>2,993,573</b>

## Notes to the financial statements for the year ended 31 December 2011

## 12 Investments

Group	Investment in associate undertakings £	Other investments £	Total £
<b>Cost</b>			
At 1 January 2011 and at 31 December 2011	600	49,500	50,100
<b>Amounts written off</b>			
At 1 January and at 31 December 2011	-	-	-
<b>Net book value</b>			
At 31 December 2011 and 31 December 2010	600	49,500	50,100

The group owns 33 $\frac{1}{3}$  % (100 ordinary shares) of the issued ordinary share capital of Partners in Healthcare Technology Limited, a company incorporated in Northern Ireland. The main activity of the company is the provision of a new cancer unit at the Belfast City Hospital. The net assets / liabilities of the company at 31 December 2011 have been consolidated in the results for year ended 31 December 2011, and are shown on the face of the balance sheet.

The group also owns 500 ordinary £1 shares, the equivalent of a 10% stake, in AMEY FMP Strategic Partnership Holding Company Limited. The company is incorporated in England and Wales.

Other investments comprise:

	2011 £	2010 £
Ground rents at valuation	49,500	49,500

Company	Investment in subsidiary undertakings £	Investment in associate undertakings £	Total £
<b>Cost and net book value</b>			
At 1 January 2011 and 31 December 2011	299,401	500	299,901

The group's principal operating subsidiaries during the year, which have a financial year ending on 31 December, are as follows:

Name	Country of incorporation	Principal activity	Percentage of ordinary shares held	
			Group	Company
The Martin Estates Company Limited	Northern Ireland	Construction, developing and renting of property	100	100
H&J Martin Limited	Northern Ireland	Construction, fit out and facilities management	100	-
Acuman Facilities Management Limited	Republic of Ireland	Facilities management	100	-
H&J Martin Construction and Fit-out SRL	Romania	Construction and fit-out	100	-

## Notes to the financial statements for the year ended 31 December 2011

## 13 Stock

	Group 2011 £	Group 2010 £
Development property	2,350,773	2,644,192

Included in development property is interest on borrowings previously capitalised amounting to £287,897 (2010: £328,149). No interest has been capitalised in respect of the current year (2010: £Nil).

## 14 Debtors

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Amounts recoverable on contracts	11,709,754	-	8,664,041	-
Trade debtors	15,419,355	-	10,727,132	-
Amount owed by related party undertakings	499,909	-	96,730	-
Other tax and social security	-	-	420,117	-
Other debtors	416,337	2	407,245	2
Prepayments and accrued income	325,391	-	235,358	-
Deferred taxation (Note 15)	51,298	-	34,445	-
	28,422,044	2	20,585,068	2

## 15 Deferred tax asset

## Deferred tax comprises:

	2011 £	2010 £
Accelerated capital allowances	51,298	34,445
Other timing differences	-	-
<b>Total deferred tax asset</b>	<b>51,298</b>	<b>34,445</b>

## Movement in the year:

	£	£
At 1 January 2011	34,445	49,506
Deferred tax credited / (charged) in profit and loss account	16,853	(15,061)
<b>At 31 December 2011</b>	<b>51,298</b>	<b>34,445</b>

## Notes to the financial statements for the year ended 31 December 2011

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

	Group	Group	As restated Group	Company
	2011	2011	2010	2010
	£	£	£	£
Bank loans (Note 19)	412,090	-	430,670	-
Payments received on account	3,910,504	-	1,054,971	-
Trade creditors	19,443,971	-	14,613,937	-
Amounts owed to subsidiary undertakings	-	251,184	-	251,184
Amounts owed to related party undertakings	237,995	-	475,019	-
Obligations under hire purchase and finance lease agreements (Note 18)	33,276	-	27,000	-
Other creditors	155,213	-	164,355	-
Corporation tax payable	224,760	-	300,896	-
Other taxes and social security	1,688,687	-	331,843	-
Accruals and deferred income	6,727,895	-	5,196,168	-
	32,834,391	251,184	22,594,859	251,184

### 17 Creditors: amounts falling due after more than one year

Group	2011 £	2010 £
Bank loans (Note 19)	1,406,680	1,803,262
Obligations under hire purchase and finance lease agreements (Note 18)	48,975	-
	1,455,655	1,803,262

### 18 Obligations under hire purchase and finance lease agreements

	2011 £	2010 £
Net payments under hire purchase and finance lease agreements	£	
Within one year	33,276	27,000
In more than one year, but not more than five years	48,975	-
	82,251	27,000

## Notes to the financial statements for the year ended 31 December 2011

### 19 Bank loans and overdrafts

	2011	2010
	£	£
<b>Maturity of debt</b>		
Less than one year, or on demand	412,090	430,670
Between one and two years	429,702	422,563
Between two and five years	772,076	1,040,249
After more than five years	204,902	340,450
	<b>1,818,770</b>	<b>2,233,932</b>

#### Security

The amount due to Ulster Bank Limited £1,035,903 (2010: £1,171,450) is secured by a first charge on development property at Lombard Street and cross guarantees from H&J Martin Limited and by H&J Martin Holdings Limited. The Ulster Bank loan has a thirteen year term and is repayable in monthly instalments of £13,850. At the balance sheet date, interest accrues at the rate of £1,341 (2010: £1,666) per month. All of the borrowings repayable after five years are payable by way of instalments and the loan is scheduled for re-financing in September 2018.

The amount due to Bank of Ireland £NIL (2010: £17,249) is secured by a fixed charge over property at 263a Castlereagh Road and has been guaranteed by H&J Martin Limited. Repayment is by quarterly payments of capital and interest. The Bank of Ireland loan was fully repaid as at 31 December 2011.

A sterling denominated five year term loan from Northern Bank with a liability outstanding at the balance sheet date of £321,977 (2010: £423,203) is repayable by quarterly instalments until October 2014.

A euro denominated five year term loan from Northern Bank with a liability outstanding at the balance sheet date of £460,891 (2010: £622,030) is repayable by quarterly instalments until October 2014.

Both loans from Northern Bank are secured by way of floating charge over the assets and undertakings of H&J Martin Limited, a first legal mortgage over that company's premises at 163 Ormeau Road and an unlimited cross guarantee given by The Martin Estates Company Limited and H&J Martin Holdings Limited.

### 20 Called up share capital

	2011	2010
	£	£
<b>Allotted and fully paid</b>		
100,002 ordinary shares of £1 each	100,002	100,002

## Notes to the financial statements for the year ended 31 December 2011

### 21 Reserves

	Revaluation reserve £	Group profit and loss account £	Company profit and loss account £
At 1 January 2011 as previously reported	702,592	12,232,448	3,424
Prior year adjustment (Note 30)	-	(108,696)	-
Currency translation difference on prior year adjustment	-	1,565	-
At 1 January 2011 restated	702,592	12,125,317	3,424
(Loss) / profit for the financial year	-	(174,173)	64,975
Dividends paid	-	(65,000)	(65,000)
Currency translation difference on foreign currency net investments	-	23,880	-
At 31 December 2011	702,592	11,910,024	3,399

### 22 Reconciliation of movements in shareholders' funds

	2011 £	As restated 2010 £
(Loss) / profit for the financial year	(174,173)	752,694
Dividend paid	(65,000)	(65,000)
Revaluation	-	(550,000)
Other recognised gains and losses	23,880	(15,232)
Net addition to shareholders' funds	(215,293)	122,462
Opening shareholders' funds	12,927,911	12,805,449
Closing shareholders' funds	12,712,618	12,927,911

### 23 Net cash inflow from operating activities

	2011 £	As restated 2010 £
Operating profit	326,605	929,040
Depreciation charge	348,184	370,717
Amortisation	131,240	131,240
Currency adjustment	28,384	(9,428)
Movement in stock	293,419	(71,142)
Movement in debtors	(7,836,976)	(2,392,891)
Movement in creditors	10,016,220	(794,740)
Net cash inflow / (outflow) from operating activities	3,306,536	(1,837,204)



## Notes to the financial statements for the year ended 31 December 2011

### 24 Analysis of net funds

	31 December 2010 £	Cash flow £	31 December 2011
Cash at bank and in hand	6,066,768	2,206,294	8,273,062
Debt due within one year	(430,670)	18,580	(412,090)
Debt due after one year	(1,803,262)	396,581	(1,406,681)
Finance leases	(27,000)	(55,251)	(82,251)
	(2,260,932)	359,910	(1,901,022)
Net funds	3,805,836	2,566,204	6,372,040

### 25 Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
Increase / (Decrease) in cash in financial year	2,206,294	(3,325,335)
Cash flow from movement in debt	359,910	574,206
Change in net debt resulting from cash flows	2,566,204	(2,751,129)
Movement in net funds in the year	2,566,204	(2,751,129)
Net funds at beginning of year	3,805,836	6,556,965
Net funds at end of year	6,372,040	3,805,836

### 26 Financial commitments

At 31 December 2011 the group had annual commitments under non-cancellable operating leases expiring as follows:

	Land and Buildings 2011 £	Land and buildings 2010 £	Motor Vehicles 2011 £	Motor vehicles 2010 £
Within one year	-	43,076	14,904	54,650
In more than one year but not more than five years.	31,550	129,475	75,973	54,034
After more than five years	-	13,487	-	-
	31,550	186,038	90,877	108,684

The holding company has given a guarantee to the Northern Bank Limited in respect of the overdraft facilities of the joint arrangement up to a maximum of £500,000.

**Notes to the financial statements for the year ended 31 December 2011****27 Contingent liabilities**

As is usual in the construction industry, there are claims arising in the normal course of trading, which are in the process of settlement and in some cases involve or may involve litigation. The group also enters into guarantee bonds in the usual course of business. The directors are of the opinion that the provisions made in the accounts together with relevant insurances are adequate to meet any liabilities which may arise.

**28 Related party transactions**

The company has taken advantage of the exemption under FRS 8 "Related party disclosures" not to disclose related party transactions between group undertakings.

Group companies conducted transactions with related party joint venture, joint arrangement and associated entities during the year as follows:

**Graham Martin Joint Venture**

At 31 December 2011 Graham Martin Joint Venture was owed £161,184 (2010: £460,698) by H&J Martin Limited. These balances relate to the recharge of works and are undertaken on an arms length basis.

**Partners in Healthcare Technology Limited**

H&J Martin Limited charged Partners in Healthcare Technology Limited a management fee of £100,000 (2010: £50,000). At 31 December 2011 Partners in Healthcare Technology Limited owed H&J Martin Limited £65,000 (2010: £4,896).

**FMP JV**

H&J Martin Limited charged FMP JV a management fee of £Nil (2010: £Nil). In addition contracting work invoiced to FMP JV amounted to £16,410,683 (2010: £4,572,471). At 31 December 2011 FMP JV owed H&J Martin Limited £1,707,016 (2010: £320,626).

**29 Ultimate controlling party**

The directors consider the ultimate controlling party to be the Martin family.

**30 Prior year adjustment**

The prior year adjustment relates to the inclusion of income from an inter-company dividend in the results for 2010 as previously stated. The effect was that Profit on ordinary activities before taxation was overstated by £108,696 and Accruals and deferred income was overstated by £107,131. A currency translation gain of £1,565 arose on the revaluation of the dividend. The comparative figures have been restated to account for these amounts.