Registered number: NI020288

H&J Martin Holdings Limited

Annual Report

for the year ended 31 December 2012

H&J Martin Holdings Ltd

Annual report for the year ended 31 December 2012

H&J Martin Holdings Limited

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

Danske 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 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012.

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 of its core business within its UK & Ireland marketplace for the year to be satisfactory. The group has however incurred losses related to some specific construction projects in Romania and Azerbaijan. Following a strategic review the group has decided to withdraw from the Eastern European marketplace and concentrate on growing its core business.

Whilst noting that the group continues to operate in a very competitive marketplace the directors are confident that this strategy will deliver improved performance going forward and the group will continue to seek every opportunity to increase profitable turnover.

The results for the company show a pre-tax loss of £1,430,836 (2011: profit of £54,376) on sales of £115,481,850 (2011: £115,617,759).

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:

	2012	2011
Turnover (£)	**115,481,850**	115,617,759
Operating (loss)/ profit (£)	**(1,422,023)**	326,065

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.

Directors' report for the year ended 31 December 2012 (continued)

Financial risk management (continued)

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.

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 for the financial year is £1,585,307 (2011: £174,173). A dividend of £65,000 (2011: £65,000) was paid during the year.

Political and charitable donations

The group made charitable donations amounting to £12,469 (2011: £3,962) 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 (2011: £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 2012 (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: 11 September 2013

KPMG
Chartered Accountants
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

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

We have audited the financial statements of H&J Martin Holdings Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated statement of total recognised 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of the group's loss 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 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.

KPMG
Chartered Accountants
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditors' report to the members of H&J Martin Holdings Limited (continued)

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 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: 12 September 2013

Consolidated profit and loss account for the year ended 31 December 2012

	Notes	2012 £	2011 £
Group turnover	2	**115,481,850**	115,617,759
Cost of sales		**(110,245,331)**	(108,181,058)
Gross profit		**5,236,519**	7,436,701
Administrative expenses		**(6,720,163)**	(7,232,320)
Other operating income		**61,621**	121,684
Operating (loss)/profit	3	**(1,422,023)**	326,065
Profit on sale of fixed assets		**-**	35,000
Exceptional item – restructuring costs		**-**	(311,748)
Interest receivable and similar income		**63,366**	88,202
Interest payable and similar charges	6	**(72,179)**	(83,143)
(Loss)/profit on ordinary activities before taxation		**(1,430,836)**	54,376
Tax on (loss)/profit on ordinary activities	7	**(154,471)**	(228,549)
(Loss)/profit for the financial year	8 & 21	**(1,585,307)**	(174,173)

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 2012

	2012	2011
	£	£
Loss for the financial year	**(1,585,307)**	(174,173)
Revaluation	-	-
Currency translation difference on foreign currency net investments	**17,121**	23,880
Total recognised gains and losses relating to the year	**(1,568,186)**	(150,293)

Consolidated balance sheet as at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Intangible assets	10	**2,165,458**	2,296,698
Tangible assets	11	**5,697,679**	5,609,987
Investment in joint venture			
Share of gross assets		**570,729**	841,735
Share of gross liabilities		**(570,729)**	(841,735)
Other investments	12	**50,100**	50,100
Total investments		**50,100**	50,100
		7,913,237	7,956,785
Current assets			
Stock	13	**2,423,525**	2,350,773
Debtors	14	**25,759,582**	28,422,044
Cash at bank and in hand		**4,414,790**	8,273,062
		32,597,897	39,045,879
Creditors: amounts falling due within one year	16	**(28,350,090)**	(32,834,391)
Net current assets		**4,247,807**	6,211,488
Total assets less current liabilities		**12,161,044**	14,168,273
Creditors: amounts falling due after more than one year	17	**(1,081,612)**	(1,455,655)
Net assets		**11,079,432**	12,712,618
Capital and reserves			
Called up share capital	20	**100,002**	100,002
Revaluation reserve	21	**682,790**	702,592
Profit and loss account	21	**10,296,640**	11,910,024
Total shareholders' funds	22	**11,079,432**	12,712,618

The financial statements on pages 7 to 26 were approved by the board on 11/9/13 and were signed on its behalf by:

W G Martin
Director

Registered number: NI020288

H&J Martin Holdings Limited

Company balance sheet as at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	12	**299,901**	299,901
Current assets			
Debtors	14	**2**	2
Cash at bank and in hand		**54,657**	54,682
		54,659	54,684
Creditors: amounts falling due within one year	16	**(251,184)**	(251,184)
Net current liabilities		**(196,525)**	(196,500)
Net assets		**103,376**	103,401
Capital and reserves			
Called up share capital	20	**100,002**	100,002
Profit and loss account	21	**3,374**	3,399
Total shareholders' funds		**103,376**	103,401

The financial statements on pages 7 to 26 were approved by the board on 11/9/13 and were signed on its behalf by:

W G Martin
Director

Consolidated cash flow statement for the year ended 31 December 2012

	Notes	2012 £	2011 £
Net cash (outflow)/inflow from operating activities	23	**(2,695,509)**	3,306,536
Returns on investments and servicing of finance			
Interest received		**63,366**	88,202
Interest paid		**(72,179)**	(79,731)
Interest element of hire purchases and finance lease payments		**-**	(3,412)
		(8,813)	5,059
Taxation			
Corporation tax paid		**(332,355)**	(304,685)
		(332,355)	(304,685)
Capital expenditure			
Purchase of tangible fixed assets		**(457,729)**	(413,569)
Proceeds on sale of tangible fixed assets		**28,476**	37,863
		(429,253)	(375,706)
Acquisitions and disposals			
Acquisition of subsidiary		**-**	-
Dividends paid		**(65,000)**	(65,000)
Net cash (outflow)/inflow before financing		**(3,530,930)**	2,566,204
Financing			
(Repayment) of bank loans		**(408,184)**	(415,161)
Advances/(Repayment) of principal under hire purchase and finance lease agreements		**80,842**	55,251
		(327,342)	(359,910)
(Decrease)/increase in cash in the year	24 - 25	**(3,858,272)**	2,206,294

Notes to the financial statements for the year ended 31 December 2012

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 2012. Where subsidiary undertakings are acquired of 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 financial statements 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 2012 (continued)

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 2012 (continued)

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 primarily 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 (loss)/profit

	2012 £	2011 £
This is stated after charging/(crediting):		
Depreciation		
– owned assets	**283,431**	282,838
– under hire purchase and finance lease agreements	**52,669**	72,110
Goodwill amortisation	**131,240**	131,240
Other operating lease rentals	**127,109**	162,052
Fees payable to the company's auditor for:		
– the audit of the accounts	**31,653**	29,515
– other services relating to taxation	**9,275**	13,500
Government grants	**(10,000)**	(10,000)

Notes to the financial statements for the year ended 31 December 2012 (continued)

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 (2011: £Nil).

	2012	2011
	£	£
Staff costs		
Wages and salaries	**11,860,299**	11,393,712
Social security costs	**1,257,065**	1,240,734
Other pension costs	**402,050**	399,879
	13,519,414	13,034,325

	Number	Number
The average monthly number of persons employed by the company (including executive directors) during the year by activity was:		
Weekly paid	**61**	130
Salaried	**309**	209
	370	339

5 Directors' emoluments

	2012	2011
	£	£
Aggregate emoluments	**276,154**	330,565
Company pension contributions to defined contribution schemes	**57,535**	57,047
	333,689	387,612

	£	£
Highest paid director		
Aggregate emoluments	**110,400**	133,912
Company pension contributions to defined contribution schemes	**21,894**	19,619

Retirement benefits are accruing to three (2011: three) directors under defined contribution schemes.

6 Interest payable and similar charges

	2012	2011
	£	£
Interest payable on bank loans and overdrafts	**68,029**	79,731
Interest payable on hire purchase and finance lease agreements	**4,150**	3,412
	72,179	83,143

Notes to the financial statements for the year ended 31 December 2012 (continued)

7 Tax on profit on ordinary activities

	2012	2011
	£	£
Current tax:		
UK corporation tax on profits for the year	**14,752**	202,965
Overseas corporation tax on profits for the year	**127,894**	33,482
Adjustment in respect of previous periods	**8,711**	8,955
Total current tax	**151,357**	245,402
Deferred tax:		
Accelerated capital allowances and other timing differences	**3,188**	8,654
Adjustment in respect of previous periods	**-**	(29,379)
Impact of change in deferred tax rate	**-**	3,872
Currency translation difference on period movement	**(74)**	-
Total deferred tax (Note 15)	**3,114**	(16,853)
Tax on profit on ordinary activities	**154,471**	228,549

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 24.5% (2011: 26.49%). The differences are explained below:

	2012	2011
	£	£
(Loss)/profit on ordinary activities before taxation	**(1,430,836)**	54,376
Profit on ordinary activities multiplied by the standard rate of corporation tax of 24.5% (2011: 26.49%)	**(350,555)**	14,404
Effect of:		
Expenses not deductible/ for tax purposes	**13,484**	21,430
Origination and reversal of timing differences	**(4,105)**	(3,032)
Overseas (losses)/profits taxed at rates other than 28%	**(143,248)**	231,655
Currency translation difference on period movement	**74**	-
Tax at marginal rates	**(2,578)**	-
Adjustment in respect of previous periods	**8,711**	8,955
Tax losses not recognised	**260,972**	-
Other timing differences	**(495)**	(10,903)
Non-taxable income	**369,097**	(17,107)
Current year tax charge	**151,357**	245,402

Factors affecting future tax charge

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was subsequently enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge.

Notes to the financial statements for the year ended 31 December 2012 (continued)

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 (2011: £64,975).

9 Dividends

	2012	2011
	£	£
Final paid – 65.00-p per share (2011: 65.00p per share)	**65,000**	65,000

10 Intangible assets

	Goodwill
	£
Cost	
At 1 January 2012	2,624,798
At 31 December 2012	**2,624,798**
Accumulated amortisation	
At 1 January 2012	328,100
Charge for the year	131,240
At 31 December 2012	**459,340**
Net book value	
At 31 December 2012	**2,165,458**
At 31 December 2011	2,296,698

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Tangible assets

Group	Investment property £	Land and buildings £	Plant, machinery and office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2012	3,757,082	1,123,443	1,982,565	645,753	7,508,843
Additions	-	58,329	238,679	160,721	457,729
Currency adjustment	-	(860)	(9,663)	(4,505)	(15,028)
Disposals	-	-	(221,328)	(194,177)	(415,505)
At 31 December 2012	**3,757,082**	**1,180,912**	**1,990,253**	**607,792**	**7,536,039**
Accumulated depreciation					
At 1 January 2012	-	57,962	1,378,975	461,919	1,898,856
Charge for year	-	6,600	253,827	75,673	336,100
Currency Adjustment	-	(859)	(6,429)	(2,279)	(9,567)
On disposals	-	-	(212,506)	(174,523)	(387,029)
At 31 December 2012	**-**	**63,703**	**1,413,867**	**360,790**	**1,838,360**
Net book value					
At 31 December 2012	**3,757,082**	**1,117,209**	**576,386**	**247,002**	**5,697,679**
At 31 December 2011	3,757,082	1,065,481	603,590	183,834	5,609,987

Analysis of land and buildings

Group	2012 £	2011 £
The net book value of land and buildings comprises		
Freehold	**912,976**	861,248
Long leasehold	**204,233**	204,233
	1,117,209	1,065,481

The net book amount includes £NIL (plant and machinery) and £160,482 (motor vehicles) in respect of assets held under hire purchase and finance lease agreements (2011: £9,164 (plant and machinery) and £105,294 (motor vehicles)).

The carrying value of the investment property includes £364,594 (2011:£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 (2011: £Nil).

Notes to the financial statements for the year ended 31 December 2012 (continued)

11 Tangible assets (continued)

Group	Investment property 2012 £	Investment property 2011 £
Analysis at cost or valuation		
Valuation	3,730,368	3,730,368
Cost	-	-
	3,730,368	3,730,368

The long leasehold investment property was valued on 31 December 2012 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 2012 £	Investment property 2011 £
Cost	2,993,573	2,993,573
Aggregate depreciation	-	-
Net book value based on historical cost	2,993,573	2,993,573

12 Investments

Group	Investment in associate undertakings £	Other investments £	Total £
Cost			
At 1 January 2012 and **31 December 2012**	600	49,500	50,100
Amounts written off			
At 1 January and **at 31 December 2012**	-	-	-
Net book amount			
At 31 December 2012 and 31 December 2011	600	49,500	50,100

Investment in associate undertaking

At the year end the group owned $33^{1}/_{3}$ % (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 2012 have been consolidated in the results for year ended 31 December 2012, and are shown on the face of the balance sheet. The group has disposed of its investment in Partners in Healthcare Technology Limited subsequent to the year end.

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.

Notes to the financial statements for the year ended 31 December 2012 (continued)

12 Investments (continued)

Other investments

Other investments comprise ground rents at valuation.

Company	Investment in subsidiary undertakings £	Investment in associate undertakings £	Total £
Cost and net book amount			
At 1 January 2012 and 31 December 2012	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 Indirect	Direct
The Martin Estates Company Limited	Northern Ireland	Construction, developing and renting of property	-	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	-

13 Stock

Group	Group 2012 £	Group 2011 £
Development property	2,423,525	2,350,773

Included in development property is interest on borrowings previously capitalised amounting to £287,897 (2011: £287,897). No interest has been capitalised in respect of the current year (2011: £Nil).

Notes to the financial statements for the year ended 31 December 2012 (continued)

14 Debtors

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Amounts recoverable on contracts	13,426,146	-	11,709,754	-
Trade debtors	11,139,081	-	15,419,355	-
Amount owed by related party undertakings	460,004	-	499,909	-
Other debtors	324,574	2	416,337	2
Corporation Tax recoverable	26,874	-	-	-
Prepayments and accrued income	335,031	-	325,391	-
Deferred taxation (note 15)	47,872	-	51,298	-
	25,759,582	2	28,422,044	2

15 Deferred tax asset

Deferred tax comprises:

	2012 £	2011 £
Accelerated capital allowances	**47,872**	51,298
Other timing differences	-	-
Total deferred tax asset	**47,872**	51,298

	£	£
Movement in the year:		
At 1 January 2012	**51,298**	34,445
Currency Adjustment	**(312)**	-
Deferred tax credited in profit and loss account	**(3,114)**	16,853
At 31 December 2012	**47,872**	51,298

Notes to the financial statements for the year ended 31 December 2012 (continued)

16 Creditors: amounts falling due within one year

	Group 2012 £	Company 2012 £	Group 2011 £	Company 2011 £
Bank loans (note 19)	**422,434**	-	412,090	-
Payments received on account	**1,570,625**	-	3,910,504	-
Trade creditors	**17,663,066**	-	19,443,971	-
Amounts owed to subsidiary undertakings	-	**251,184**	-	251,184
Amounts owed to related party undertakings	-	-	237,995	-
Obligations under hire purchase and finance lease agreements (note 18)	**69,633**	-	33,276	-
Other creditors	**116,837**	-	155,213	-
Corporation tax payable	**70,636**	-	224,760	-
Other taxes and social security	**1,160,248**	-	1,688,687	-
Accruals and deferred income	**7,276,611**	-	6,727,895	-
	28,350,090	**251,184**	32,834,391	251,184

17 Creditors: amounts falling due after more than one year

Group	**2012 £**	2011 £
Bank loans (note 19)	**988,152**	1,406,680
Obligations under hire purchase and finance lease agreements (Note 18)	**93,460**	48,975
	1,081,612	1,455,655

18 Obligations under hire purchase and finance lease agreements

	2012 £	2011 £
Net payments under hire purchase and finance lease agreements		
Within one year	**69,633**	33,276
In more than one year, but not more than five years	**93,460**	48,975
	163,093	82,251

Notes to the financial statements for the year ended 31 December 2012 (continued)

19 Bank loans and overdrafts

	2012	2011
	£	£
Maturity of debt		
Less than one year, or on demand	**422,434**	412,090
Between one and two years	**436,155**	429,702
Between two and five years	**498,600**	772,076
After more than five years	**53,397**	204,902
	1,410,586	1,818,770

Security

The amount due to Ulster Bank Limited £884,397 (2011: £1,035,903) 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 £1,193 (2011: £1,341) 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.

A sterling denominated five year term loan from Danske Bank with a liability outstanding at the balance sheet date of £219,185 (2011: £321,977) is repayable by quarterly instalments until October 2014.

A euro denominated five year term loan from Danske Bank with a liability outstanding at the balance sheet date of £307,004 (2011: £460,891) is repayable by quarterly instalments until October 2014.

Both loans from Danske 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

	2012	2011
	£	£
Allotted and fully paid		
100,002 ordinary shares of £1 each	**100,002**	100,002

Notes to the financial statements for the year ended 31 December 2012 (continued)

21 Reserves

	Group Revaluation reserve £	Group profit and loss account £	Company profit and loss account £
At 1 January 2012	702,592	11,910,024	3,399
(Loss) / profit for the financial year	-	(1,585,307)	64,975
Dividends paid	-	(65,000)	(65,000)
Transfer to realised profits on disposal	(19,802)	19,802	-
Currency translation difference on foreign currency net investments	-	17,121	-
At 31 December 2012	**682,790**	**10,296,640**	**3,374**

22 Reconciliation of movements in shareholders' fund

	2012 £	2011 £
Loss for the financial year	**(1,585,307)**	(174,173)
Dividend paid	**(65,000)**	(65,000)
Other recognised gains and losses	**17,121**	23,880
Net reduction in shareholders' funds	**(1,633,186)**	(215,293)
Opening shareholders' funds	**12,712,618**	12,927,911
Closing shareholders' funds	**11,079,432**	12,712,618

23 Net cash (outflow)/inflow from operating activities

	2012 £	2011 £
Operating (loss)/profit	**(1,422,023)**	326,065
Depreciation charge	**336,100**	348,184
Amortisation	**131,240**	131,240
Currency Adjustment	**22,895**	28,384
Movement in stock	**(72,752)**	293,419
Movement in debtors	**2,685,910**	(7,836,976)
Movement in creditors	**(4,376,879)**	10,016,220
Net cash (outflow)/inflow from operating activities	**(2,695,509)**	3,306,536

Notes to the financial statements for the year ended 31 December 2012 (continued)

24 Analysis of net funds

	31 December 2011 £	Cash flow £	31 December 2012 £
Cash at bank and in hand	8,273,062	(3,858,272)	4,414,790
Debt due within one year	(412,090)	(10,344)	(422,434)
Debt due after one year	(1,406,681)	418,529	(988,152)
Finance leases	(82,251)	(80,842)	(163,093)
	(1,901,022)	327,343	(1,573,679)
Net funds	6,372,040	(3,530,929)	2,841,111

25 Reconciliation of net cash flow to movement in net funds

	2012 £	2011 £
(Decrease)/increase in cash in financial year	(3,858,272)	2,206,294
Cash flow from movement in debt	327,343	359,910
Change in net debt resulting from cash flows	(3,530,929)	2,566,204
Movement in net funds in the year	(3,530,929)	2,566,204
Net funds at beginning of year	6,372,040	3,805,836
Net funds at end of year	2,841,111	6,372,040

26 Financial commitments

At 31 December 2012 the group had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings 2012 £	Land and buildings 2011 £	Motor vehicles 2012 £	Motor vehicles 2011 £
Within one year	-	-	5,776	14,904
In more than one year but not more than five years.	30,860	31,550	101,491	75,973
After more than five years	-	-	-	-
	30,860	31,550	107,267	90,877

The holding company has given a guarantee to the Danske 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 2012 (continued)

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 2012 Graham Martin Joint Venture was owed £2,145 (2011: £161,184) 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 £50,000 (2011: £100,000). At 31 December 2012 Partners in Healthcare Technology Limited owed H&J Martin Limited £5,000 (2011: £65,000).

FMP JV

Contracting work invoiced to FMP JV amounted to £7,839,490 (2011: £16,410,683). At 31 December 2012 FMP JV owed H&J Martin Limited £88,151 (2011: £1,707,016).

29 Ultimate controlling party

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