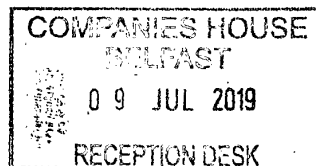


COMPANY REGISTRATION NUMBER: NI020288

H & J MARTIN  
CONSTRUCTION LIMITED  
FINANCIAL STATEMENTS  
31 MARCH 2019



# **H & J Martin Construction Limited**

## **Financial statements**

**Year ended 31 March 2019**

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<b>Contents</b>	<b>Page</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>4</b>
Independent auditor's report to the members	<b>7</b>
Consolidated statement of comprehensive income	<b>10</b>
Consolidated statement of financial position	<b>11</b>
Company statement of financial position	<b>12</b>
Consolidated statement of changes in equity	<b>13</b>
Company statement of changes in equity	<b>14</b>
Notes to the financial statements	<b>15</b>

# **H & J Martin Construction Limited**

## **Officers and professional advisers**

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**The board of directors**

Mr K A Lagan  
Mr N A Fletcher  
Mr G A O'Callaghan

**Company secretary**

Jill Harrower-Steele

**Registered office**

Rosemount House  
21-23 Sydenham Road  
Belfast  
BT3 9HA

**Auditor**

BDO Northern Ireland  
Chartered accountant & statutory auditor  
Lindsay House  
10 Callender Street  
Belfast  
BT1 5BN

**Bankers**

Danske Bank  
Donegall Square West  
Belfast  
BT1 6JS

**Solicitors**

Tughans  
Marlborough House  
30 Victoria Street  
Belfast  
BT1 3GS

# H & J Martin Construction Limited

## Strategic report

### Year ended 31 March 2019

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The directors present their strategic report and the financial statements of the group for the year ended 31 March 2019.

#### Principal Activities and Business Review

H & J Martin Construction Limited ("the Group") are primarily engaged in the activities of civil engineering, building, fit-out, piling, plant hire, infrastructure investment facilities management, and operations and maintenance throughout the UK, Ireland and internationally.

#### Performance

The directors are pleased to report a profit before taxation of £1.2m (2018: Loss £1.2m) on turnover of £61m (2018: £44m).

At 31 March 2019 the Group had net assets of £2.9m (2018: £1.7m).

#### Principal Risks and Uncertainties

##### UK and Ireland Economies

The Group's revenue depends to a great degree on the economies of the countries in which we operate. Whilst the UK and Irish economic performance remains relatively positive, the cloud of BREXIT uncertainty does not help the economic outlook. A positive economic climate is essential to generate economic growth which in turn provides further opportunities for the group. Despite the limitations in recent growth in the UK, Ireland and Internationally, the Group has been able to maximise opportunities by continuing to invest in long term relationships with its clients, partners and other key stakeholders. This approach enables early identification of opportunities and strategic partners and has been successful in mitigating against revenue reduction throughout the economic downturn.

##### Project Management

First class project management is fundamental to the continued success of our Group and does not happen by chance. Our Group's outstanding success in project management for over 50 years has been down to our people - we have a greatly experienced management team who have developed over several years and have been supported by industry leading staff development and training programmes. Our approach to project management is built on collaboration with clients, partners and supply chain with open communication to ensure that issues are dealt with as they arise to ensure successful project outcomes.

##### Staff Retention and Recruitment

Our business is built on our people and it is therefore critical that we continue to develop and train our staff in order to retain the breadth of experience and industry knowledge that they possess. Our Group not only ensures that our overall pay and benefit packages are extremely competitive but has invested massively in the wider cultural aspects of staff retention, including career development, staff health and wellbeing, work life balance and staff communication. This is demonstrated by our staff retention rate which is well above the construction industry average.

Furthermore, recruitment of new people into the business is essential to ensure the business can attract high calibre recruits to complement the existing workforce and to harness new skills and ideas throughout the business. The business continues to invest in its recruitment process to ensure it attracts the right candidates to the business.

This ongoing investment has led to numerous awards, including Investors in People Gold.

# H & J Martin Construction Limited

## Strategic report *(continued)*

**Year ended 31 March 2019**

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### Future Developments

There have been no events since the balance sheet date which materially affect the position of the Group. Whilst the directors expect the global and national economic environments to impact on the overall construction sector, the Group is well positioned to achieve its objectives of revenue growth and maintaining profitability through good revenue visibility and a strong order book.

At the time of writing this report, a degree of uncertainty remains in regard to the economic impact of the Brexit process arising from the 23 June 2016 referendum on membership of the European Union. The true impact of this decision on the wider economy and the business cannot be assessed with any degree of certainty at this time.

### Key Performance Indicators

The Group has developed a suite of financial and other KPIs to monitor performance, as indicated below:

	2019	2018
Turnover	£61m	£44m
Profit/(loss) before tax	£1.2m	(£1.2m)
Shareholders funds	£2.9m	£1.7m
Training days per person per annum	3	3

This report was approved by the board of directors on 02/07/19 and signed on behalf of the board by:



Mr N.A Fletcher  
Director

Registered office:  
Rosemount House  
21-23 Sydenham Road  
Belfast  
BT3 9HA

# **H & J Martin Construction Limited**

## **Directors' report**

### **Year ended 31 March 2019**

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The directors present their report and the financial statements of the group for the year ended 31 March 2019.

#### **Directors**

The directors who served the company during the year were as follows:

Mr K A Lagan  
Mr N A Fletcher  
Mr G A O'Callaghan

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Future developments**

There have been no events since the balance sheet date which materially affect the position of the Group. Whilst the directors expect the global and national economic environments to impact on the overall construction sector, the company is well positioned to achieve its objectives of revenue growth and maintaining profitability through good revenue visibility and a strong order book.

#### **Employment of disabled persons**

#### **Health and Safety**

The group exercises a strong commitment towards the maintenance of a healthy and safe working environment and training in safety procedures for its employees both in practical terms and in the issue of safety policies, notifications and publications to raise and maintain awareness of safety matters. To this end the group has achieved OHSAS 18001:2007 certification. Employees have representation and involvement on Health and Safety Committees of the various operating subsidiaries.

#### **Environment**

The group is conscious of the real and perceived effects upon the environment arising particularly from construction operations. Operational managers are required to comply with all relevant environmental legislation. In the absence of such statutory legislation they are encouraged to apply best industry environmental practice, effect continuous improvement and to foster good relationships within the communities in which we operate. The Directors are committed to all relevant operating companies attaining accepted and approved environmental standards and to this end the group employs appropriately qualified staff dedicated to the establishment and maintenance of environmental management systems. Arising from this all relevant companies within the group have now been awarded ISO 14001:2004 accreditation.

#### **Quality Assurance**

In keeping with its Mission Statement of serving its customers to the highest standards of professionalism and quality the Quality Management Systems within the group have been upgraded and all relevant companies are now registered to the ISO 9001:2008 standard. Relevant companies with the group have also committed, and already commenced, to achieve certification to various Highway Agency Sector Schemes in relation to the specific activities undertaken by them. Sector Schemes are Quality Management Schemes developed in partnership with the key organisations in the highways industry and complement ISO 9001:2008 specifying specific quality criteria and training which operatives must receive to ensure that they work safely and to the highest standards in numerous disciplines in highway construction and maintenance.

# H & J Martin Construction Limited

## Directors' report *(continued)*

**Year ended 31 March 2019**

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### **Employment of disabled persons**

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### **Employee involvement**

The employees of the group are kept informed on matters through meetings and the publication of group and company newsletters. The group maintains an internal human resources department which provides induction and advice in all disciplines of employment policies, procedures, legislation and staff development. It also encourages and promotes social interaction and staff team building activities.

### **Financial instruments**

The group's operations expose it to a variety of financial risks that include the effects of changes in foreign currency risk, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring 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.

### **Interest Rate Risk**

The group has both interest bearing assets and interest bearing liabilities, both of which bear interest at variable rates. The future cashflows of the group's operations are not sufficiently at risk due to interest rate changes to require funding at fixed rate. The appropriateness of this policy will be revisited should the group's operations change in size or nature.

### **Credit Risk**

The group monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

### **Liquidity Risk**

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

### **Currency Risk**

The group uses financial instruments to manage exposure to foreign exchange risk, in the normal course of business.

### **Disclosure of information in the strategic report**

The strategic report is included at pages 2 to 3.

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

## H & J Martin Construction Limited

### Directors' report *(continued)*

#### Year ended 31 March 2019

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Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 judgments 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

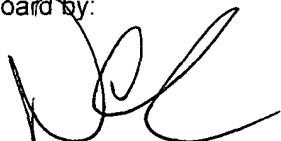
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all 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.

#### Auditor

The auditors, BDO Northern Ireland have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the board of directors on 02/07/19 and signed on behalf of the board by:



Mr N A Fletcher  
Director

Registered office:  
Rosemount House  
21-23 Sydenham Road  
Belfast  
BT3 9HA



## **H & J Martin Construction Limited**

### **Independent auditor's report to the members of H & J Martin Construction Limited**

**Year ended 31 March 2019**

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#### **Opinion**

We have audited the financial statements of H & J Martin Construction Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **H & J Martin Construction Limited**

### **Independent auditor's report to the members of H & J Martin Construction Limited** *(continued)*

**Year ended 31 March 2019**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

## H & J Martin Construction Limited

### Independent auditor's report to the members of H & J Martin Construction Limited *(continued)*

Year ended 31 March 2019

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#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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.



Nigel V W Harra, senior statutory auditor  
For and on behalf of BDO Northern Ireland, statutory auditor  
Lindsay House  
10 Callender Street  
Belfast  
BT1 5BN

2 July 2019

**H & J Martin Construction Limited****Consolidated statement of comprehensive income****Year ended 31 March 2019**

	Note	2019 £	2018 £
<b>Turnover</b>	<b>4</b>	<b>61,274,039</b>	44,359,018
Cost of sales		(56,745,523)	(41,473,750)
<b>Gross profit</b>		<b>4,528,516</b>	2,885,268
Administrative expenses		(3,422,238)	(2,945,791)
Other operating income	<b>5</b>	<b>160,441</b>	–
Exceptional Item: Intercompany debt written off		–	(971,525)
<b>Operating profit/(loss)</b>	<b>6</b>	<b>1,266,719</b>	(1,032,048)
Other interest receivable and similar income	<b>9</b>	<b>31,920</b>	–
Interest payable and similar expenses	<b>10</b>	<b>(98,828)</b>	(118,852)
<b>Profit/(loss) before taxation</b>		<b>1,199,811</b>	(1,150,900)
Tax on profit/(loss)	<b>11</b>	<b>48,024</b>	68,511
<b>Profit/(loss) for the financial year and total comprehensive income</b>		<b>1,247,835</b>	(1,082,389)

All the activities of the group are from continuing operations.

**H & J Martin Construction Limited****Consolidated statement of financial position****31 March 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	12	187,323	287,885
Investments	13	48,442	48,442
		<u>235,765</u>	<u>336,327</u>
<b>Current assets</b>			
Debtors	14	17,928,111	19,155,224
Cash at bank and in hand		4,570,529	—
		<u>22,498,640</u>	<u>19,155,224</u>
<b>Creditors: amounts falling due within one year</b>	16	19,828,849	17,833,830
<b>Net current assets</b>		<u>2,669,791</u>	<u>1,321,394</u>
<b>Total assets less current liabilities</b>		<u>2,905,556</u>	<u>1,657,721</u>
<b>Net assets</b>		<u>2,905,556</u>	<u>1,657,721</u>
<b>Capital and reserves</b>			
Called up share capital	20	7,906,898	7,906,898
Profit and loss account	21	(5,001,342)	(6,249,177)
<b>Shareholders funds</b>		<u>2,905,556</u>	<u>1,657,721</u>

These financial statements were approved by the board of directors and authorised for issue on 02/07/19 and are signed on behalf of the board by:



Mr N A Fletcher  
Director

Company registration number: NI020288

**H & J Martin Construction Limited****Company statement of financial position****31 March 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investments	12	750	750
<b>Current assets</b>			
Debtors	13	5,654,456	206,898
Cash at bank and in hand		717,512	107
		<u>6,371,968</u>	<u>207,005</u>
<b>Creditors: amounts falling due within one year</b>	15	5,630,811	—
<b>Net current assets</b>		<u>741,157</u>	<u>207,005</u>
<b>Total assets less current liabilities</b>		<u>741,907</u>	<u>207,755</u>
<b>Net assets</b>		<u>741,907</u>	<u>207,755</u>
<b>Capital and reserves</b>			
Called up share capital	20	2,906,898	2,906,898
Profit and loss account	21	(2,164,991)	(2,699,143)
<b>Shareholders funds</b>		<u>741,907</u>	<u>207,755</u>

The profit for the financial year of the parent company was £534,152 (2018: £54,250 loss).

These financial statements were approved by the board of directors and authorised for issue on 02/02/19 and are signed on behalf of the board by:



Mr N A Fletcher  
Director

Company registration number: NI020288

**H & J Martin Construction Limited****Consolidated statement of changes in equity****Year ended 31 March 2019**

	Called up share capital £	Profit and loss account £	Total £
<b>At 1 April 2017</b>	2,906,898	(5,166,788)	(2,259,890)
Loss for the year		(1,082,389)	(1,082,389)
<b>Total comprehensive income for the year</b>	—	(1,082,389)	(1,082,389)
Issue of shares	5,000,000	—	5,000,000
<b>Total investments by and distributions to owners</b>	5,000,000	—	5,000,000
<b>At 31 March 2018</b>	7,906,898	(6,249,177)	<b>1,657,721</b>
Profit for the year		1,247,835	<b>1,247,835</b>
<b>Total comprehensive income for the year</b>	—	1,247,835	<b>1,247,835</b>
<b>At 31 March 2019</b>	<u>7,906,898</u>	<u>(5,001,342)</u>	<u><b>2,905,556</b></u>

**H & J Martin Construction Limited****Company statement of changes in equity****Year ended 31 March 2019**

	Called up share capital £	Profit and loss account £	<b>Total £</b>
<b>At 1 April 2017</b>	2,906,898	(2,644,893)	262,005
Loss for the year		(54,250)	(54,250)
<b>Total comprehensive income for the year</b>	—	(54,250)	(54,250)
<b>At 31 March 2018</b>	2,906,898	(2,699,143)	<b>207,755</b>
Profit for the year		534,152	<b>534,152</b>
<b>Total comprehensive income for the year</b>	—	534,152	<b>534,152</b>
<b>At 31 March 2019</b>	<u>2,906,898</u>	<u>(2,164,991)</u>	<u><b>741,907</b></u>



# H & J Martin Construction Limited

## Notes to the financial statements

Year ended 31 March 2019

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### 1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is Rosemount House, 21-23 Sydenham Road, Belfast, BT3 9HA.

### 2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance with the historical cost basis. The financial statements have been prepared in Sterling, which is the functional currency of the entity.

#### Going concern

The Group meets its day to day working capital requirements through cash generated from operations, cash balances and the utilisation of bank facilities when required.

The Group have prepared financial and cash flow projections based on current order book and its best estimate of future market conditions and the forecast underlying operational performance of the business indicates that the Group will be able to operate within the level of its available bank balances and approved facilities.

After having made appropriate enquiry, the directors are confident that the Company and the Group have adequate resources to continue operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and the financial statements.

#### Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

#### Consolidation

The Group have taken advantage of the exemption available under Financial Reporting Standard 102 not to prepare a Statement of Cash Flows on the basis that the results are consolidated into the accounts of H&J Martin Holdings Limited for which accounts are publicly available.

The financial statements consolidate the financial statements of H&J Martin Construction Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

# H & J Martin Construction Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2019

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### 3. Accounting policies *(continued)*

#### Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Significant judgements*

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

- To determine whether there are indicators of impairment of the group's tangible assets and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Investment properties are valued by a director of the group who is considered to have adequate knowledge and expertise. The valuation exercise involves using market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key inputs into the valuations were annual rent per square metre and property yields.

#### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, production life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Contract revenue and costs are recognised when the outcome of a construction contract can be reliably estimated. The percentage of completion method is used to value revenue and costs at year end, these are included in the profit or loss account. At year end, the group reviews the recoverability of amounts already recognised as contract revenue. If, on the review of market conditions and conversations with the client, the debtor is not considered to be recoverable, the unrecoverable amount will be expensed in the year. When, on review of production schedules, it is deemed probable that total contract costs will exceed total contract revenue the expected loss is recognised as an expense immediately, which a corresponding provision for an onerous contract.
- Impairment of trade debtors is reviewed on an ongoing basis. The group trades with a large and varied number of customers on credit terms. Some debts due will not be paid through the default of a small number of customers. The group uses estimates based on historical experience and current information in determining the level of debts for which an impairment charge is required.

# H & J Martin Construction Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2019

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### 3. Accounting policies *(continued)*

#### Revenue recognition

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

#### Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

#### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

# H & J Martin Construction Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2019

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### 3. Accounting policies *(continued)*

#### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Land and buildings	- 1% to 10% straight line
Plant and machinery	- 20% to 33% straight line
Motor vehicles	- 33% straight line
Equipment	- 20% to 33% Straight Line

#### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Investments in subsidiaries are valued at cost less provision for impairment.

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

#### Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

#### Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is expensed immediately, with a corresponding provision for an onerous contract being recognised.

Where the collectability of an amount already recognised as contract revenue is no longer probable, the uncollectible amount is expensed rather than recognised as an adjustment to the amount of contract revenue.

**H & J Martin Construction Limited****Notes to the financial statements (continued)****Year ended 31 March 2019**

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**3. Accounting policies (continued)****Construction contracts (continued)**

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

**Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

**Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund. When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis.

**Cash and cash equivalents**

Cash consists of cash on hand and demand deposits.

**Loans and borrowings**

All loans and borrowings, both assets and liabilities are initially recorded at the present value of cash payable to the lender in settlement of the liability discounted at the market interest rate. Subsequently loans and borrowings are stated at amortised cost using the effective interest rate method. The computation of amortised cost includes any issue costs, transaction costs and fees, and any discount or premium on settlement, and the effect of this is to amortise these amounts over the expected borrowing period. Loans with no stated interest rate and repayable within one period or on demand are not amortised. Loans and borrowings are classified as current assets or liabilities unless the borrower has an unconditional right to defer settlement of the liability for at least twelve months after the financial period end date.

# H & J Martin Construction Limited

## Notes to the financial statements *(continued)*

Year ended 31 March 2019

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### 3. Accounting policies *(continued)*

#### Other financial assets

Other financial assets including trade debtors for goods sold/services rendered to customers on short-term credit, are initially measured at the undiscounted amount of cash receivable from that customer, which is normally the invoice price, and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

#### Other financial liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

### 4. Turnover

Turnover arises from:

	2019 £	2018 £
Construction contracts	<u>61,274,039</u>	<u>44,359,018</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

### 5. Other operating income

	2019 £	2018 £
R&D tax credits	<u>160,441</u>	<u>—</u>

### 6. Operating profit

Operating profit or loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	100,562	90,263
Gains on disposal of tangible assets	—	(641,203)
Impairment of trade debtors	(158,931)	5,406
Foreign exchange differences	<u>14,309</u>	<u>(25,354)</u>

### 7. Auditor remuneration

Auditors remuneration is borne by a fellow subsidiary Lagan Services Limited (formerly Lagan Constructions Services Limited).

# H & J Martin Construction Limited

## Notes to the financial statements (continued)

Year ended 31 March 2019

### 8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2019 No.	2018 No.
Administrative staff	16	20
Other staff	223	243
	<u>239</u>	<u>263</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019 £	2018 £
Wages and salaries	8,406,136	8,460,961
Social security costs	828,723	844,718
Other pension costs	302,042	312,767
	<u>9,536,901</u>	<u>9,618,446</u>

### 9. Other interest receivable and similar income

	2019 £	2018 £
Interest receivable	31,920	—

### 10. Interest payable and similar expenses

	2019 £	2018 £
Interest on banks loans and overdrafts	86,780	93,567
Other interest payable and similar charges	12,048	25,285
	<u>98,828</u>	<u>118,852</u>

### 11. Tax on profit/(loss)

#### Major components of tax income

	2019 £	2018 £
<b>Current tax:</b>		
UK current tax expense	5,913	66,641
Adjustments in respect of prior periods	(66,411)	(131,986)
Total current tax	<u>(60,498)</u>	<u>(65,345)</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	12,474	(26,627)
Impact of change in tax rate	—	23,461
Total deferred tax	<u>12,474</u>	<u>(3,166)</u>
<b>Tax on profit/(loss)</b>	<u>(48,024)</u>	<u>(68,511)</u>

# H & J Martin Construction Limited

## Notes to the financial statements (continued)

### Year ended 31 March 2019

#### 11. Tax on profit/(loss) (continued)

##### Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit/(loss) on ordinary activities before taxation	<b>1,199,811</b>	(1,150,900)
Profit/(loss) on ordinary activities by rate of tax	<b>227,946</b>	(218,671)
Adjustment to tax charge in respect of prior periods	–	19,502
Effect of expenses not deductible for tax purposes	<b>4,981</b>	422,221
Effect of capital allowances and depreciation	<b>14,156</b>	(30,972)
Effect of revenue exempt from tax	–	(135,900)
Effect of different UK tax rates on some earnings	<b>(16,186)</b>	136,981
Deferred tax not recognised	<b>(125,039)</b>	(354,854)
Group Relief	<b>(87,479)</b>	1,853
Chargeable gains/losses	–	67,868
Adjustment to closing rate	<b>(66,403)</b>	23,461
Tax on profit/(loss)	<b>(48,024)</b>	(68,511)

#### 12. Tangible assets

Group	Land and Buildings £	Plant and machinery £	Motor vehicles £	Equipment £	Investment Property £	Total £
<b>Cost</b>						
At 1 Apr 2018	80,905	357,714	181,362	1,275,736	155,001	<b>2,050,718</b>
Disposals	(80,905)	(234,204)	(181,362)	(1,275,736)	–	<b>(1,772,207)</b>
<b>At 31 Mar 2019</b>	<b>–</b>	<b>123,510</b>	<b>–</b>	<b>–</b>	<b>155,001</b>	<b>278,511</b>
<b>Depreciation</b>						
At 1 Apr 2018	80,905	302,002	180,362	1,199,564	–	<b>1,762,833</b>
Charge for the year	–	23,390	1,000	76,172	–	<b>100,562</b>
Disposals	(80,905)	(234,204)	(181,362)	(1,275,736)	–	<b>(1,772,207)</b>
<b>At 31 Mar 2019</b>	<b>–</b>	<b>91,188</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>91,188</b>
<b>Carrying amount</b>						
<b>At 31 Mar 2019</b>	<b>–</b>	<b>32,322</b>	<b>–</b>	<b>–</b>	<b>155,001</b>	<b>187,323</b>
At 31 Mar 2018	–	55,712	1,000	76,172	155,001	287,885

Fixed Asset investments consist of investment properties and are stated at open market value as at 31 March 2019, as valued by the Directors.



**H & J Martin Construction Limited****Notes to the financial statements** *(continued)***Year ended 31 March 2019****13. Investments**

<b>Group</b>	<b>Ground Rents £</b>
<b>Cost</b>	
At 1 April 2018 and 31 March 2019	<u><b>48,442</b></u>
<b>Impairment</b>	
At 1 April 2018 and 31 March 2019	<u><b>-</b></u>
<b>Carrying amount</b>	
At 1 April 2018 and 31 March 2019	<u><b>48,442</b></u>
At 31 March 2018	<u><b>48,442</b></u>

The ground rents were valued on 31 March 2019 by the directors on the basis of open market value.

<b>Company</b>	<b>Shares in participating interests £</b>
<b>Cost</b>	
At 1 April 2018 and 31 March 2019	<u><b>750</b></u>
<b>Impairment</b>	
At 1 April 2018 and 31 March 2019	<u><b>-</b></u>
<b>Carrying amount</b>	
At 1 April 2018 and 31 March 2019	<u><b>750</b></u>
At 31 March 2018	<u><b>750</b></u>

**Subsidiaries, associates and other investments**

Details of the investments in which the parent company have an interest of 20% or more are as follows:

<b>Subsidiary undertakings</b>	<b>Class of share</b>	<b>Percentage of shares held</b>
H&J Martin Limited	Ordinary & Preference	100
H&J Martin Fit-Out Limited	Ordinary	100

# H & J Martin Construction Limited

## Notes to the financial statements (continued)

Year ended 31 March 2019

### 14. Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	10,396,156	9,024,880	1,774,285	—
Amounts owed by group undertakings	1,755,117	5,476,286	1,466,906	—
Amounts owed by related parties	180,184	220,932	180,184	206,896
Amounts owed by customers on construction contracts	5,312,688	4,221,160	1,886,083	—
Deferred tax asset	61,898	74,422	—	—
Prepayments and accrued income	50,978	134,928	—	—
Other debtors	171,090	2,616	346,998	2
	<u>17,928,111</u>	<u>19,155,224</u>	<u>5,654,456</u>	<u>206,896</u>

All debts are repayable within one year.

Amounts owed by Group companies are unsecured, interest free and repayable on demand.

### 15. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2019	2018
	£	£
Cash at bank and in hand	4,570,529	—
Bank overdrafts	—	(821,137)
	<u>4,570,529</u>	<u>(821,137)</u>

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts	2,408,395	3,432,941	—	—
Trade creditors	6,895,306	8,086,924	601,568	—
Amounts owed to group undertakings	11,393	10,021	43,337	—
Amounts owed to related parties	345,550	349,658	—	—
Accruals and deferred income	9,707,648	4,993,907	4,933,058	—
Corporation tax	6,359	66,641	—	—
Social security and other taxes	266,072	606,806	40,666	—
Obligations under finance leases and hire purchase contracts	3,884	12,009	—	—
Other creditors	184,242	274,923	12,182	—
	<u>19,828,849</u>	<u>17,833,830</u>	<u>5,630,811</u>	<u>—</u>

# H & J Martin Construction Limited

## Notes to the financial statements *(continued)*

### Year ended 31 March 2019

#### 16. Creditors: amounts falling due within one year *(continued)*

At the year end, Danske Bank hold the following as security for borrowings:

- 1) An unlimited intercompany cross guarantee and indemnity from group companies;
- 2) A debenture incorporating fixed and floating charges over group assets, present and future.

Hire purchase liabilities are secured on the assets acquired.

Amounts owed to Group companies are unsecured, interest free and repayable on demand.

#### 17. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Not later than 1 year	<u>3,884</u>	<u>12,009</u>	<u>—</u>	<u>—</u>

#### 18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Included in debtors (note 14)	<u>61,898</u>	<u>74,422</u>	<u>—</u>	<u>—</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	(58,325)	(67,428)	(58,325)	(67,428)
Other timing differences	(3,573)	(6,994)	(3,573)	(6,994)
	<u>(61,898)</u>	<u>(74,422)</u>	<u>(61,898)</u>	<u>(74,422)</u>

#### 19. Employee benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £302,042 (2018: £312,767).

# H & J Martin Construction Limited

## Notes to the financial statements (continued)

Year ended 31 March 2019

### 20. Called up share capital

#### Issued, called up and fully paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	100,002	100,002	100,002	100,002
Preference shares of £1 each	2,806,896	2,806,896	2,806,896	2,806,896
	<u>2,906,898</u>	<u>2,906,898</u>	<u>2,906,898</u>	<u>2,906,898</u>

### 21. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 22. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Not later than 1 year	335,744	64,203	—	—
Later than 1 year and not later than 5 years	331,494	541,396	—	—
	<u>667,238</u>	<u>605,599</u>	<u>—</u>	<u>—</u>

### 23. Contingencies

H & J Martin Construction Limited, as part of the group guarantee, has provided an unlimited inter-company cross guarantee to cover any bonds in Lagan Specialist Contracting Group Holdings Limited, Lagan Construction Limited, F K Lowry Plant Limited, F K Lowry Limited, Dew Piling Limited, Lagan Projects Investments Limited, Lagan Operations and Maintenance Limited, Lagan International Limited, Charles Brand Group Limited, F K Lowry Holdings Limited, Lagan Operations and Maintenance Holdings Limited, Lagan Construction Group Holdings Limited, Lagan Construction Group Limited, Lagan Water Limited and Lagan Building Contractors Limited.

Due to the various factors that may impact on the above guarantees it is not possible to quantify the amounts that could be involved or give any indication as to the timing of when a liability may arise.

### 24. Related party transactions

The group has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 not to disclose any transactions with its parent and fellow subsidiary undertakings on the grounds that it is a 100% owned subsidiary and the group is included within the consolidated accounts of Lagan Specialist Contracting Group Holdings Limited, a company incorporated in the Isle of Man.

## **H & J Martin Construction Limited**

### **Notes to the financial statements** *(continued)*

**Year ended 31 March 2019**

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#### **25. Controlling party**

The smallest group for which consolidated accounts are prepared including the results of this company is H & J Martin Construction Limited, a company incorporated in Northern Ireland. These financial statements are available to the public from Companies House.

The largest group for which consolidated accounts are prepared including the results of this company is Lagan Specialist Contracting Group Holdings Limited, a company incorporated in the Isle of Man.

The company considers members of the Lagan family to be the ultimate controlling parties.

#### **26. Comparative information**

Certain prior year balances have been reclassified for comparative purposes.