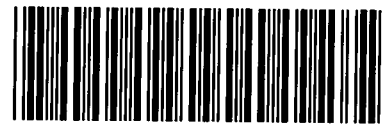


COMPANY REGISTRATION NUMBER: R0000273

H. & J. MARTIN LIMITED
FINANCIAL STATEMENTS
31 MARCH 2020

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H. & J. Martin Limited

Financial Statements

Year ended 31 March 2020

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H. & J. Martin Limited

Officers and Professional Advisers

The board of directors	K Jamison D Ramsey K Millar
Company secretary	Jill Harrower-Steele
Registered office	Rosemount House 21-23 Sydenham Road Belfast BT3 9HA
Auditor	BDO Northern Ireland Chartered accountants & 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 3GG

H. & J. Martin Limited

Strategic Report

Year ended 31 March 2020

The directors present their strategic report and the financial statements of the company for the year ended 31 March 2020.

Principal activities and business review

H. & J. Martin Limited ("the Company") is one of Ireland most successful Construction and Asset Management Service related companies. It is primarily engaged in the activities of civil engineering, building, fit-out and facilities management throughout the UK.

Performance

The directors are pleased to report a profit before taxation of £1.1m (2019: £0.9m) on turnover of £31.9m (2019: £35.3m).

At 31 March 2020 the company had net assets of £3.3m (2019: £2.2m).

The directors do not recommend the payment of a dividend in the year.

Principal Risks and Uncertainties

Covid-19

The company is a subsidiary of the Lagan Specialist Contracting Group and when assessing the principal risks and uncertainties as a result of Covid-19 the overall group have been taken into account. The World Health Organisation declared a global pandemic on 11 March 2020 in relation to Covid-19 and subsequently on 23 March 2020 the UK Government imposed lockdown measures which have had a significant impact on both the wider economy and group operations.

This resulted in a temporary closure of some of the group's construction sites which lasted throughout April 2020. There was a phased reopening of sites during May and June 2020 as lockdown restrictions eased and all sites were operational again from the end of June 2020.

The health and wellbeing of our staff remains the number one priority for the Director's and a range of measures have been implemented in order to ensure that the risk of exposure to Covid-19 is minimised as much as possible on all of our sites going forward.

The directors have taken actions to mitigate the financial impact of the loss of revenue during this time including the use of government support measures as follows: obtaining a Coronavirus Large Business Interruption Loan Scheme (CLBILS), utilisation of Coronavirus Job Retention Scheme (CJRS), utilisation of the HMRC VAT deferral & PAYE time to pay schemes and availed of business rates relief available. In addition, the directors have negotiated deferral of asset finance repayments, rent reductions and salary deferrals /reductions for key staff.

Revised forecasts, which take account of the expected financial impact of Covid-19, have been prepared up to 30 September 2021. Whilst there are uncertainties in these forecasts, due to the ongoing economic uncertainty created by the pandemic, the forecasts show that the group's secured order book remains strong and the group has adequate financial resources to meet its obligations as they fall due.

H. & J. Martin Limited**Strategic Report** *(continued)***Year ended 31 March 2020**

UK, Ireland and International Economies

The company'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 company. Despite the limitations in recent growth in the UK, Ireland and Internationally, the company 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 company and does not happen by chance. Our company'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 company 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.

Future Developments

There have been no events since the balance sheet date which materially affect the position of the company. As outlined in detail in the principal risks and uncertainties section of the strategic report, the global and national economic environment continues to be challenged by the ongoing impact of the Covid-19 pandemic and the uncertainty regarding the economic impact of BREXIT. Whilst the directors expect these factors to continue to impact on the overall construction sector going forward, the company has been proactive in introducing measures to mitigate the financial impact of these wider economic events and has a strong order book in place. Accordingly, the company will continue to focus on its key objectives of revenue growth and maintaining profitability.

H. & J. Martin Limited**Strategic Report** *(continued)***Year ended 31 March 2020**

Key Performance Indicators

The company has developed a suite of financial and other KPIs which are regularly monitored throughout the year, as follows:

	2020	2019
Turnover	£31.9m	£35.2m
Operating profit	£1.1m	£0.97m

This report was approved by the board of directors on 09/09/20 and signed on behalf of the board by:



K Millar
Director

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

H. & J. Martin Limited

Directors' Report

Year ended 31 March 2020

The directors present their report and the financial statements of the company for the year ended 31 March 2020.

Directors

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

K Jamison	(Appointed 1 October 2019)
D Ramsey	(Appointed 1 October 2019)
K Millar	(Appointed 1 October 2019)
G O'Callaghan	(Resigned 1 October 2019)
N A Fletcher	(Resigned 1 October 2019)

Dividends

The directors do not recommend the payment of a dividend.

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the company'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.

Health and Safety

The company 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.

Environment

The company 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 the company has 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 company has been upgraded and is now registered to the ISO 9001:2008 standard

Employee involvement

The employees of the company are kept informed on matters through meetings and the publication of group and company newsletters. The company 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.

H. & J. Martin Limited**Directors' Report** *(continued)***Year ended 31 March 2020**

Financial instruments

The company'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 company, 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 company's finance department.

Interest Rate Risk

The company has both interest bearing assets and interest bearing liabilities, both of which bear interest at variable rates. The future cashflows of the company'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 company's operations change in size or nature.

Credit Risk

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

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

Events after the end of the reporting period

There have been no events since the balance sheet date which materially affect the position of the company.

Disclosure of information in the strategic report

The strategic report is included in page 2 to 4 of the financial statements.

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.

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 company and the profit or loss of the company for that period.

H. & J. Martin Limited

Directors' Report *(continued)*

Year ended 31 March 2020

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;
- 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 09/09/20 and signed on behalf of the board by:



K Millar
Director

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

H. & J. Martin Limited

Independent Auditor's Report to the Members of H. & J. Martin Limited

Year ended 31 March 2020

Opinion

We have audited the financial statements of H. & J. Martin Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of income and retained earnings, statement of financial position 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 company's affairs as at 31 March 2020 and of its 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 company 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 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 Limited

Independent Auditor's Report to the Members of H. & J. Martin Limited *(continued)*

Year ended 31 March 2020

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 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

H. & J. Martin Limited

Independent Auditor's Report to the Members of H. & J. Martin Limited *(continued)*

Year ended 31 March 2020

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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

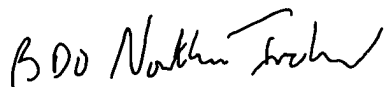
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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

9 September 2020

H. & J. Martin Limited**Statement of Income and Retained Earnings****Year ended 31 March 2020**


	Note	2020 £	2019 £
Turnover	4	31,857,368	35,271,919
Cost of sales		28,372,576	32,234,463
Gross profit		3,484,792	3,037,456
Administrative expenses		2,375,789	2,227,417
Other operating income	6	–	160,441
Operating profit	7	1,109,003	970,480
Other interest receivable and similar income	10	–	31,920
Amounts written back to investments		–	21
Interest payable and similar expenses	11	11,478	86,780
Profit before taxation		1,097,525	915,599
Tax on profit	12	5,508	18,387
Profit for the financial year and total comprehensive income		1,092,017	897,212
Retained losses at the start of the year		(6,456,438)	(7,353,650)
Retained losses at the end of the year		(5,364,421)	(6,456,438)

All the activities of the company are from continuing operations.

H. & J. Martin Limited**Statement of Financial Position****31 March 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	10,538	32,322
Current assets			
Debtors	15	12,072,002	11,670,192
Cash at bank and in hand		<u>6,579,355</u>	<u>4,616,977</u>
		18,651,357	16,287,169
Creditors: amounts falling due within one year	16	15,346,316	14,095,929
Net current assets		<u>3,305,041</u>	<u>2,191,240</u>
Total assets less current liabilities		<u>3,315,579</u>	<u>2,223,562</u>
Net assets		<u>3,315,579</u>	<u>2,223,562</u>
Capital and reserves			
Called up share capital	20	6,080,000	6,080,000
Other reserves	21	2,600,000	2,600,000
Profit and loss account	21	(5,364,421)	(6,456,438)
Shareholders funds		<u>3,315,579</u>	<u>2,223,562</u>

These financial statements were approved by the board of directors and authorised for issue on 09/09/20 and are signed on behalf of the board by:



K Millar
Director

Company registration number: R0000273

H. & J. Martin Limited**Notes to the Financial Statements****Year ended 31 March 2020**

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.

The principal activity of the company is that of a construction company.

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'.

The company has applied FRS 102 (March 2018) in these financial statements, which includes the amendments as a result of the Triennial Review 2017. No adjustments have been made to the financial statements for the year ended 31 March 2020.

3. Accounting policies**Basis of preparation**

The financial statements have been prepared on the going concern basis and in accordance with the historical cost convention.

The financial statements have been prepared in sterling which is the functional currency of the entity.

Going concern

The company is a subsidiary of the Lagan Specialist Contracting Group and when assessing ability to continue as a going concern, factors impacting the overall group have been taken into account.

The World Health Organisation declared a global pandemic on 11 March 2020 in relation to Covid-19 and subsequently on 23 March 2020 the UK Government imposed lockdown measures which have had a significant impact on both the wider economy and group operations.

This resulted in a temporary closure of some of the group's construction sites which lasted throughout April and May 2020. There was a phased reopening of sites during May and June 2020 as lockdown restrictions eased and all sites were operational again from the end of June 2020.

The directors have taken actions to mitigate the financial impact of the loss of revenue during this time including the use of government support measures as follows: obtaining a Coronavirus Large Business Interruption Loan Scheme (CLBILS), utilisation of Coronavirus Job Retention Scheme (CJRS), utilisation of the HMRC VAT deferral & PAYE time to pay schemes and availed of business rates relief available. In addition, the directors have negotiated deferral of asset finance repayments, rent reductions and salary deferrals /reductions for key staff.

Revised forecasts, which take account of the expected financial impact of Covid-19, have been prepared up to 30 September 2021. Whilst there are uncertainties in these forecasts, due to the ongoing economic uncertainty created by the pandemic, the forecasts show that the group's secured order book remains strong and the group has adequate financial resources to meet its obligations as they fall due.

H. & J. Martin Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

3. Accounting policies *(continued)*

Going concern *(continued)*

The directors will continue to monitor the situation and take appropriate mitigating action as needed. Nonetheless, the directors believe that the measures implemented to date will allow the group to trade through these challenging times and accordingly have adopted the going concern basis when preparing the financial statements.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of H&J Martin Holdings Limited which can be obtained from Companies House at 32-38 Linenhall Street, Belfast. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement or reconciliation of net debt has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

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.

Going concern is discussed in detail above. At the time of approving the financial statements the Covid-19 pandemic has had an effect on the company's business and the economic environment as a whole. In assessing the reasonableness of the going concern basis, the directors have used judgement in preparing budgets and cash flow forecasts for the upcoming 12 months, whilst recognising that there is a degree of judgement and estimation arising from the uncertain nature of the planned response to the planned Covid-19 pandemic.

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:

- 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 company 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.

H. & J. Martin Limited**Notes to the Financial Statements** *(continued)***Year ended 31 March 2020**

3. Accounting policies *(continued)***Judgements and key sources of estimation uncertainty** *(continued)**Key sources of estimation uncertainty* *(continued)*

- Impairment of trade debtors is reviewed on an ongoing basis. The company 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 company uses estimates based on historical experience and current information in determining the level of debts for which an impairment charge is required.

Revenue recognition

Turnover represents net invoices sales of goods and services, excluding value added tax. The majority of turnover is on long term contracts. These contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs by reference to the stage of completion at the reporting date. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profits and loss accounts as the difference between the reported turnover and related costs for that contract. Provision is made for all known or expected losses.

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.

H. & J. Martin Limited**Notes to the Financial Statements** *(continued)***Year ended 31 March 2020**

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

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:

Plant and machinery - 3-5 Years

Investments

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

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.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

H. & J. Martin Limited**Notes to the Financial Statements** *(continued)***Year ended 31 March 2020**

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

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

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.

Cash and cash equivalents

Cash consists of cash on hand and demand deposits.

Other financial assets

Other financial assets comprise of trade debtors, amounts due from group and related undertakings and other debtors. Other financial assets are initially measured at the undiscounted amount of cash receivable and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

H. & J. Martin Limited**Notes to the Financial Statements** *(continued)***Year ended 31 March 2020****3. Accounting policies** *(continued)***Other financial liabilities**

Other financial assets comprise of trade debtors, amounts due from group and related undertakings and other debtors. Other financial assets are initially measured at the undiscounted amount of cash receivable and are subsequently measured at amortised cost less impairment, where there is objective evidence of an impairment.

4. Turnover

Turnover arises from:

	2020 £	2019 £
Construction contracts	<u>31,857,368</u>	<u>35,271,919</u>

The whole of the turnover is attributable to the principal activity of the company undertaken in the United Kingdom and Ireland.

5. Auditor remuneration

Auditors remuneration is borne by a fellow subsidiary Lagan Services Limited.

6. Other operating income

	2020 £	2019 £
Other operating income	<u>–</u>	<u>160,441</u>

7. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020 £	2019 £
Depreciation of tangible assets	21,784	100,562
Impairment of trade debtors	–	(158,931)
Foreign exchange differences	<u>29,367</u>	<u>14,309</u>

8. Staff costs

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

	2020 No.	2019 No.
Administrative staff	19	8
Other Staff	<u>185</u>	<u>194</u>
	<u>204</u>	<u>202</u>

H. & J. Martin Limited**Notes to the Financial Statements** *(continued)***Year ended 31 March 2020****8. Staff costs** *(continued)*

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

	2020 £	2019 £
Wages and salaries	6,561,983	7,021,807
Social security costs	574,162	669,807
Other pension costs	240,048	247,923
	<u>7,376,193</u>	<u>7,939,537</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020 £	2019 £
Remuneration	237,895	—
Company contributions to defined contribution pension plans	9,875	—
	<u>247,770</u>	<u>—</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2020 No.	2019 No.
Defined contribution plans	<u>2</u>	<u>—</u>

Remuneration of the highest paid director in respect of qualifying services:

	2020 £	2019 £
Aggregate remuneration	127,500	—
Company contributions to defined contribution pension plans	5,000	—
	<u>132,500</u>	<u>—</u>

10. Other interest receivable and similar income

	2020 £	2019 £
Other interest receivable and similar income	<u>—</u>	<u>31,920</u>

11. Interest payable and similar expenses

	2020 £	2019 £
Interest on banks loans and overdrafts	<u>11,478</u>	<u>86,780</u>

H. & J. Martin Limited**Notes to the Financial Statements** *(continued)***Year ended 31 March 2020****12. Tax on profit****Major components of tax expense**

	2020 £	2019 £
Current tax:		
UK current tax expense	–	5,913
Deferred tax:		
Origination and reversal of timing differences	<u>5,508</u>	<u>12,474</u>
Tax on profit	<u>5,508</u>	<u>18,387</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £	2019 £
Profit on ordinary activities before taxation	<u>1,097,525</u>	<u>915,599</u>
Profit on ordinary activities by rate of tax	208,530	143,480
Effect of expenses not deductible for tax purposes	–	2,041
Effect of capital allowances and depreciation	3,067	14,156
Effect of different UK tax rates on some earnings	–	(16,186)
Deferred tax not recognised	(59,847)	(125,104)
Adjustments to deferred tax in respect of previous periods	(4,201)	–
Adjust opening deferred tax to average rate of 19%	<u>(142,041)</u>	<u>–</u>
Tax on profit	<u>5,508</u>	<u>18,387</u>

13. Tangible assets

	Plant and machinery £
Cost	
At 1 April 2019 and 31 March 2020	<u>123,510</u>
Depreciation	
At 1 April 2019	<u>91,188</u>
Charge for the year	<u>21,784</u>
At 31 March 2020	<u>112,972</u>
Carrying amount	
At 31 March 2020	<u>10,538</u>
At 31 March 2019	<u>32,322</u>

H. & J. Martin Limited**Notes to the Financial Statements (continued)****Year ended 31 March 2020****14. Investments**

	Shares in participating interests £
Cost	
At 1 April 2019 and 31 March 2020	<u>21</u>
Impairment	
At 1 April 2019 and 31 March 2020	<u>21</u>
Carrying amount	
At 31 March 2020	<u>—</u>
At 31 March 2019	<u>—</u>

In 2009 the company purchased 50% of the issued ordinary share capital (10 ordinary shares) of H&J Martin Construction and Fit Out SRL, a company incorporated in Romania for a consideration of £21. The company has ceased trading. The companies registered address is STR.Mathias Berthelot, nr.43-45 Bucuresti Sectorul 1.

15. Debtors

	2020 £	2019 £
Trade debtors	7,505,196	7,960,241
Amounts owed by group undertakings	60,344	102,231
Deferred tax asset	56,390	61,898
Prepayments and accrued income	8,070	50,978
Amounts recoverable on contract	3,518,348	3,324,547
Other debtors	923,654	170,297
	<u>12,072,002</u>	<u>11,670,192</u>

All amounts are due within one year.

Amounts due from group companies are unsecured, interest free and repayable on demand.

16. Creditors: amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts	—	2,408,395
Trade creditors	4,557,287	6,004,977
Amounts owed to group undertakings	3,128,590	42,289
Amounts owed to related parties	345,550	345,550
Accruals and deferred income	5,002,142	4,553,817
Corporation tax	5,913	5,913
Social security and other taxes	2,209,017	575,405
Obligations under finance leases and hire purchase contracts	—	3,884
Other creditors	97,817	155,699
	<u>15,346,316</u>	<u>14,095,929</u>

Included within accruals and deferred income is £3.48m contract accruals (2019: £4.04m).

Amounts due to group companies are unsecured, interest free and repayable on demand.

H. & J. Martin Limited**Notes to the Financial Statements** *(continued)***Year ended 31 March 2020****17. Finance leases and hire purchase contracts**

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

	2020	2019
	£	£
Not later than 1 year	—	3,884

18. Deferred tax

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

	2020	2019
	£	£
Included in debtors (note 15)	<u>56,390</u>	<u>61,898</u>

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

	2020	2019
	£	£
Accelerated capital allowances	(54,416)	(58,325)
Deferred tax - other timing differences	(1,974)	(3,573)
	<u>(56,390)</u>	<u>(61,898)</u>

19. Employee benefits**Defined contribution plans**

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £240,048 (2019: £247,923).

20. Called up share capital**Issued, called up and fully paid**

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	80,000	80,000	80,000	80,000
Preference shares of £1 each	6,000,000	6,000,000	6,000,000	6,000,000
	<u>6,080,000</u>	<u>6,080,000</u>	<u>6,080,000</u>	<u>6,080,000</u>

21. Reserves

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

Other reserves - This reserve represents capital contributions.

H. & J. Martin Limited**Notes to the Financial Statements** *(continued)***Year ended 31 March 2020****22. Operating leases**

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

	2020 £	2019 £
Not later than 1 year	293,440	335,744
Later than 1 year and not later than 5 years	381,305	331,494
	<u>674,745</u>	<u>667,238</u>

23. Contingencies

H&J Martin Limited has provided an unlimited inter-company cross guarantee to cover any bonds in Lagan Specialist Contracting Group Holdings Limited, Lagan Construction Limited, H&J Martin Holdings 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, Lagan Construction International Holdings Limited, F K Lowry Holdings Limited, Lagan Operations and Maintenance Holdings Limited, Charles Brand Group Limited, Lagan Construction Group Limited, Lagan Water Limited and Lagan Building Contractors Limited.

24. Related party transactions

The company has taken advantage of the exemption not to disclose any transactions with its parent or fellow 100% owned subsidiary undertakings on the grounds that it is a 100% owned subsidiary and included in the consolidated accounts of Lagan Specialist Contracting Group Holdings Limited.

At the year end 31 March 2020 there were amounts owed to related parties of £345,550 (2019: £345,550).

No other transactions with related parties were undertaken such as are required to be disclosed under FRS 102 paragraph 33.

25. Controlling party

The immediate parent company is H&J Martin Construction Limited, a company incorporated in Northern Ireland. The Ultimate parent company is Lagan Specialist Contracting Group Holdings Limited, a company incorporated in the Isle of Man.

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 at 32-28 Linenhall Street, Belfast.

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.

H. & J. Martin Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

26. Prior year balances

Certain prior year balances have been reclassified for comparative purposes.