

John Martin Holdings Limited
Annual report and financial statements
for year ended 31 December 2012

Registered Number: SC047191

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John Martin Holdings Limited
Annual report and financial statements
for year ended 31 December 2012
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John Martin Holdings Limited

Directors and advisers for year ended 31 December 2012

Directors

J Martin

Mrs VE Martin

G Nisbet

P E Sweeney

D J Gentles

D Martin (appointed 1st January 2012)

Company Secretary

P E Sweeney

Registered office

20E Seafield Road East

Edinburgh

EH15 1ED

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Erskine House

68-73 Queen Street

Edinburgh

EH2 4NH

Bankers

Bank of Scotland

PO Box 5

The Mound

Edinburgh

EH1 1YZ

Solicitors

Anderson Strathern LLP

1 Rutland Court

Edinburgh

EH3 8YE

John Martin Holdings Limited

Directors' report for year ended 31 December 2012

The directors present their annual report on the affairs of the group together with the audited consolidated financial statements and independent auditors' report for year ending 31 December 2012.

Principal activities and review of the business

The principal activity of the group is the retail sale of cars and related parts, repair and servicing operations and property development. The subsidiary undertakings and quasi-subsiidiaries principally affecting the profits or net assets of the group in the year are listed in note 6 to the financial statements.

2012 proved to be a disappointing year for the Group. The results can be attributed, in the main, to three trading divisions at Kemnay, Glasgow and Perth, as a result of these performances the Group took the decision to dispose of these three outlets to curtail any future losses. Further action was taken to reduce the overhead base of the Group and trading in 2013 to date has been more positive with a return to profitability.

The Group has successfully reduced its debt levels significantly over the last three years during which period, the bank has been supportive and continues to provide adequate banking facilities to meet the Groups needs. The Directors would like to place on record their appreciation for the support shown to the Group by the Bank during a difficult trading period and for the continuing support.

Results and dividends

The group loss on ordinary activities before taxation amounted to £3,495,000 (2011: loss £1,139,000).

The directors have not recommend payment of a dividend (2011: £Nil) and the retained profit for the year has been transferred to reserves.

The group results for the year are set out in the consolidated profit and loss account on page 6.

Future outlook

Following the action taken to dispose of its major loss making sites and to reduce overheads, the Group has added a further two franchises to its five dealership locations and two accident repair centres. Discussions continue with manufacturers with the aim to add further quality franchises to its portfolio. Group trading in 2013 is showing much improved performances from the dealerships and the accident repair centres and a return to overall profitability.

Principal Risks and Uncertainties

Economy – the car market is influenced by economic conditions and consumer spending patterns which can be influenced by fuel prices, interest rate movements and taxation.

Credit Risk – the principal credit risk arises from the group trade debtors. This is managed by the setting of limits for customers based on third party references and payment history to ensure that we do not extend credit where there is a possibility of default. The amounts presented in the Balance Sheet are net of provision for doubtful debts.

Liquidity Risk – the group manages its liquidity risks by the regular monitoring of its cash flow position to ensure funds are available during peak business years. Movements in interest rates on the Group's facilities can affect profitability. The withdrawal of financing facilities could lead to a reduction in the Group's trading ability.

Key Performance Indicators

The group continually monitors its profitability at every level and also has in place a number of working capital controls; these KPI's are measured both internally and with manufactures composite data.

John Martin Holdings Limited

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

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Registered Number

The company's registration number is SC047191.

Employee consultation

The group operates a policy of full consultation with employees. This takes place through regular meetings with members of staff and through the distribution to all staff of the group's newsletter.

Going Concern

The Directors, having made enquires, have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

Directors

The directors who served during the year and up to the date of the director's report are:

J Martin

Mrs VE Martin

G Nisbet

P E Sweeney

D J Gentles

D Martin (appointed 1st January 2012)

John Martin Holdings Limited

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

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware.

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the forthcoming general meeting.

On behalf of the board


P E Sweeney
Company Secretary

Date 25/09/2013

John Martin Holdings Limited

Independent Auditor's Report to the members of John Martin Holdings Limited.

We have audited the group and parent company financial statements (the "financial statements") of John Martin Holdings Limited for the year ended 31 December 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Company Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Kenneth Wilson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

30 September 2013

John Martin Holdings Limited

Consolidated profit and loss account for year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover		85,309	85,792
Cost of sales		(73,365)	(72,907)
Gross profit		11,944	12,885
Selling and administration expenses		(14,642)	(13,250)
Operating loss		(2,698)	(365)
Interest payable and similar charges	2	(797)	(805)
Interest receivable and similar income	2	-	31
Loss on ordinary activities before taxation	3	(3,495)	(1,139)
Tax on loss on ordinary activities	5	45	(24)
Loss for the financial year	15	(3,450)	(1,163)

The group has no recognised gains or losses other than the loss for the year. All operations are continuing.

There is no difference between the historic cost results for the year and the results reported above.

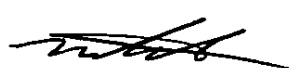
John Martin Holdings Limited

Consolidated balance sheet as at 31 December 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	7	-	287
Tangible assets	8	9,688	11,447
		9,688	11,734
Current assets			
Stocks	9	5,178	5,149
Debtors	10	4,930	3,716
Cash at bank and in hand		2	3
		10,110	8,868
Creditors:(amounts falling due within one year)	11	(12,956)	(10,265)
Net current liabilities		(2,846)	(1,397)
Total assets less current liabilities		6,842	10,337
Provision for liabilities and charges	12	(269)	(314)
Net assets		6,573	10,023
Capital and reserves			
Called up share capital	13	5,100	5,100
Profit and loss account	15	1,473	4,923
Total shareholders' funds	16	6,573	10,023

The financial statements on pages 6 to 24 were approved by the Board of Directors on 23/09/2013 and were signed on its behalf by

G Nisbet
Director

John Martin Holdings Limited

Company balance sheet as at 31 December 2012.

	Notes	2012 £'000	2011 £'000
Fixed assets			
Investments	6	23,826	27,073
Current assets			
Debtors	10	610	660
		610	660
Creditors: (amounts falling due within one year)	11	(18,067)	(17,910)
Net current liabilities		(17,457)	(17,250)
Total assets less current liabilities		6,369	9,823
Net assets		6,369	9,823
Capital and reserves			
Called up share capital	13	5,100	5,100
Revaluation reserve	14	8,741	11,988
Profit and loss account	15	(7,472)	(7,265)
Total shareholders' funds	16	6,369	9,823

The financial statements on pages 6 to 24 were approved by the Board of Directors on 21/09/2013 and were signed on its behalf by


G Nisbet
Director



John Martin Holdings Limited

Consolidated cash flow statement for year ended 31 December 2012

		2012	2011
	Notes	£'000	£'000
Net cash inflow from operating activities	17	494	2,890
Returns on investments and servicing of finance			
Interest paid		(797)	(805)
Interest received		-	31
Net interest paid		(797)	(774)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(498)	(613)
Payments to acquire intangible assets		-	(365)
Disposal of tangible fixed assets		1,654	-
Loan advances by related party (note 19)		-	622
Loan repaid by related party		-	64
Loan repaid to related party		(386)	-
Net cash inflow/(outflow) from capital expenditure and financial investment		770	(292)
Cash inflow before financing		467	1,824
Financing			
Drawdown of new loan		-	2,400
Repayment of bank loan		(1,630)	(2,325)
(Decrease)/increase in cash in the year	17	(1,163)	1,899

Statement of total recognised gains and losses for year ended 31 December 2012

		2012	2011
	Note	£'000	£'000
Company			
Loss for the financial year		(207)	(140)
Decrease in underlying net assets of subsidiaries	6	(3,247)	(1,021)
Total recognised gains and losses relating to the year		(3,454)	(1,161)

John Martin Holdings Limited

Notes to the financial statements for year ended 31 December 2012

1 Statement of accounting policies

A summary of the principal accounting policies, which have been applied consistently throughout the year and the preceding year, is set out below.

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The directors have prepared projections reflecting future expectations of trading and the Company and the Group structure, and based on discussions with external funders, the directors are confident that the Company and the Group has sufficient funding facilities to conclude that Company and the Group can continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The group financial statements consolidate the financial statements of the company, its subsidiary undertakings and quasi-subsidiary undertakings for year ending 31 December 2012.

As permitted by the Companies Act 2006, a separate profit and loss account has not been presented for the company. Of the consolidated loss for the financial year, a loss of £207,000 (2011: loss £140,000) is dealt with in the financial statements of the company.

Turnover

Turnover represents the amount receivable for goods and services sold, net of trade discounts and VAT. All turnover is derived from activities in the UK.

Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold property	Over the lease term
Heritable property (excluding land)	See below
Fixtures and fittings	5 years
Computer equipment	3 years
Motor vehicles	4 years

In the case of Heritable Property, depreciation is only provided where a material reduction in value is considered by the directors to be probable at the end of the year of occupation.

Fixed asset investments

Investments in subsidiary undertakings in the company's balance sheet are stated at valuation such that the value shown reflects the underlying net assets of each subsidiary undertaking. The movement in the underlying net assets of subsidiary undertakings since the dates of their acquisition is reflected in the company's revaluation reserve. Other investments are recorded at cost.

Operating leases

Operating leases are charged to the profit and loss account in the year in which they become payable.

Intangible assets

Intangible assets are stated in the balance sheet at cost and are being amortised on a straight line basis over 5 years to reflect their estimated useful life.

John Martin Holdings Limited

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

1 Statement of accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises those costs incurred in bringing stock to its present location and condition, including purchase, delivery and preparation costs. Vehicle stock cost is determined on an actual unit basis; parts and consumables stock cost is determined on a first-in first-out basis.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred on disposal. Provision is made for obsolete, slow-moving and defective items where appropriate.

Stocks include repurchase commitments on vehicles where the residual price is predetermined. The corresponding liabilities are included in creditors.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the financial statements of the recipient undertaking. No charge is made for the surrender of losses between group undertakings.

Deferred taxation should be recognised as a liability or asset if transactions have occurred at the balance sheet date that gave rise to an obligation to pay more tax in future, or a right to pay less tax in future.

A deferred tax asset is not recognised to the extent that the transfer of the economic benefits in the future is uncertain. The company, as permitted by FRS 19 has not adopted a policy of discounting deferred tax assets and liabilities.

Pensions

The group operates a defined contribution pension scheme. The amount charged to the profit and loss account represents the contributions payable in the year (as shown in note 4).

John Martin Holdings Limited

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

2 Interest payable and receivable

	2012	2011
	£'000	£'000
On bank loans and overdrafts	275	320
Other interest	522	485
	797	805
Bank interest received	-	(31)
	797	774

3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging.

	2012	2011
	£'000	£'000
Staff costs (Note 4)	10,419	11,108
Auditors' remuneration - audit	40	40
Auditors' remuneration - tax advisory	27	24
Auditors' remuneration - VAT advisory	4	2
Loss on disposal of assets	20	-
Depreciation – tangible assets	583	492
Goodwill impairment	287	78
Operating lease rentals - buildings	249	243

John Martin Holdings Limited

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

4 Staff costs

Particulars of employees (including directors) are shown below:

	2012	2011
	£'000	£'000
Employee costs during the year amounted to:		
Wages and salaries	9,356	9,974
Social security costs	891	948
Other pension costs	172	186
	10,419	11,108

The monthly average number of employees during the year, including directors was as follows:

	2012 Number	2011 Number
Number of employees	359	392

Directors' remuneration

Directors' remuneration in respect of the directors of the company comprises:

	2012	2011
	£'000	£'000
Remuneration for management services	488	525
Pension contributions	10	11

Highest paid director

	2012	2011
	£'000	£'000
Emoluments	138	160
Pension contributions	4	4

Retirement benefits are accruing to 3 (2011: 3) directors under pension schemes in respect of their services to the company.

John Martin Holdings Limited

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

5 Tax on loss on ordinary activities

Analysis of (credit)/charge in year

	2012 £'000	2011 £'000
Deferred tax:		
Adjustment in respect of previous periods	(16)	-
Effect of changes in tax rate	(24)	(27)
Origination and reversal of timing differences	(5)	51
Total deferred tax	(45)	24
Tax on loss on ordinary activities	(45)	24

The difference between the current tax credit of £Nil (2011: £Nil) on ordinary activities for the year, reported in the profit and loss account, and the current tax charge that would result from applying the standard rate of tax to the loss on ordinary activities before tax, is explained as follows:

Factors affecting current tax charge for year	2012 £'000	2011 £'000
Loss on ordinary activities before tax	(3,495)	(1,139)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	(856)	(302)
Effects of:		
Expenses not deductible for tax purposes	145	138
Accelerated capital allowances/other timing differences	24	(53)
Chargeable gains	-	28
Income not taxable	(111)	(151)
Losses not recognised	798	340
Current tax charge	-	-

John Martin Holdings Limited

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

6 Investments

The company's investments in subsidiary undertakings comprise:

	2012 £'000	2011 £'000
Cost	15,085	15,085
Revaluation to reflect the underlying net assets of subsidiary undertakings	8,741	11,988
	23,826	27,073

The movement in the year was as follows:-

	2012 £'000	2011 £'000
Beginning of the year	27,073	28,094
Decrease in the underlying net assets of subsidiary undertakings	(3,247)	(1,021)
End of the year	23,826	27,073

Principal subsidiary undertakings and quasi-subsidiaries included in the group financial statements are as follows:

Subsidiary undertakings	Class of shares held	Nature of business
John Martin Group Limited	Ordinary	Motor Retail
John Martin Assets Limited	Ordinary	Property
John Martin Accident Repairs Limited	Ordinary	Motor Repairers
Belmont Grampian Limited	Ordinary	Motor Retail
Quasi-subsidiaries		
Caledonian Direct Rentals Limited		Car Rental

Subsidiary undertakings

All subsidiary undertakings listed above are wholly owned. Subsidiary undertakings which are non-trading or dormant are not listed above.

Quasi-subsidiaries

Caledonian Direct Rentals Limited, a car rental company in which the group has no direct shareholding, is considered to be a quasi-subsidiary. All of the operating staff and the board of directors of Caledonian Direct Rentals Limited comprise employees of the John Martin Holdings Limited group. Summarised financial information for Caledonian Direct Rentals Limited for the year ended 31 December 2012 is provided below.

John Martin Holdings Limited

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

6 Investments (continued)

Balance sheet – Caledonian Direct Rentals Limited

	2012 £'000	2011 £'000
Creditors: amounts falling due within one year	(296)	(296)
Net liabilities	(296)	(296)
Capital and reserves:		
Profit and loss account	(296)	(296)
Total shareholders' deficit	(296)	(296)

7 Intangible assets

Group and company

	2012 £'000	2011 £'000
Brought forward	287	-
Additions	-	365
Impairment	(287)	-
Amortisation	-	(78)
At 31 December 2012	-	287

John Martin Holdings Limited

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

8 Tangible assets

Group

The movement in tangible fixed assets during the year was as follows:

	Leasehold property £'000	Heritable property £'000	Fixtures and other equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2012	855	10,166	4,250	597	15,868
Additions	20	336	142	-	498
Disposals	(384)	(1,527)	(641)	(152)	(2,704)
At 31 December 2012	491	8,975	3,751	445	13,662
Accumulated depreciation					
At 1 January 2012	391	185	3,379	466	4,421
Charge for the year	187	-	327	69	583
Disposals	(384)	-	(528)	(118)	(1,030)
At 31 December 2012	194	185	3,178	417	3,974
Net book value					
At 31 December 2012	297	8,790	573	28	9,688
Net book value					
At 31 December 2011	464	9,981	871	131	11,447

The group's bank borrowings are secured by standard securities over the group's tangible fixed assets. The heritable property has been valued by Culverwell at 10th October 2011 on an open market value basis at £8,285,000

Company

The company owns no tangible fixed assets (2011:£Nil).

John Martin Holdings Limited

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

9 Stocks

The following are included in the net book value of stocks:

	Group	
	2012	2011
	£'000	£'000
Parts and consumables	578	714
Motor vehicles	4,600	3,937
Repurchase vehicles	-	498
	5,178	5,149

The group also held £9,792,000 (2011: £15,020,000) of vehicles on consignment from manufacturers which are not included in the balance sheet as they are not considered to be assets of the group.

In the opinion of the directors the replacement cost of stocks at 31 December 2012 and 31 December 2011 is not materially different from their balance sheet value.

10 Debtors

The following are included in debtors:

	Group		Company	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	4,224	2,912	-	-
Amounts owed by group undertakings	-	-	607	606
Group relief receivable	-	-	-	51
Other debtors	16	48	-	-
Prepayments and accrued income	690	756	3	3
	4,930	3,716	610	660

Amounts owed by group undertakings are unsecured, non interest bearing and repayable on demand.

John Martin Holdings Limited

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

11 Creditors: amounts falling due within one year

The following are included in creditors falling due within one year:

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Bank overdraft	3,124	1,962	-	-
Bank loan	770	2,400	770	2,400
Trade creditors	5,919	3,287	-	-
Vehicle repurchase creditors	-	498	-	-
Amounts owed to subsidiary undertakings	-	-	17,172	15,385
Other taxes and social security	372	261	-	-
Other creditors (See note 19)	341	631	-	-
Accruals and deferred income	2,430	1,226	125	125
	12,956	10,265	18,067	17,910

The bank borrowings are secured by a bond and floating charge over the assets of certain group undertakings. Amounts owed to the group undertakings are unsecured, non-interest bearing and payable on demand.

Other creditors include an interest free loan of £106,000 (2011: £9,000) made to the group by Mr J Martin, a director of the company.

John Martin Holdings Limited

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

12 Provisions for liabilities and charges

Deferred Tax	2012	2011
	£'000	£'000
Balance at start of the year	314	290
(Credited)/charged to profit and loss during the year (note 5)	(45)	24
Balance at end of the year	269	314

Analysis of deferred tax balances	2012		2011	
Group	recognised £'000	unrecognised £'000	recognised £'000	unrecognised £'000
Accelerated capital allowances	269	-	314	-
Short term timing differences	-	(20)	-	(1)
Capital gains/revaluations	-	(84)	-	(91)
Losses	-	(1,578)	-	(1,637)
	269	(1,682)	314	(1,729)

Company				
Losses	-	(135)	-	(82)
	-	(135)	-	(82)

The closing deferred tax balance has been measured at 23%, the rate which is in force from 1 April 2013. However, a number of further changes to the UK Corporation tax system were announced in the March 2012 and March 2013 UK Budget Statements. These include a further reduction to the main rate proposed to reduce the rate to 21% from 1 April 2014 and 20% from 1 April 2015. The further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The proposed reduction of the main rate of corporation tax to 21% from 1 April 2014, and 20% from 1 April 2015, are expected to be enacted separately. The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would further reduce the deferred tax liability recognised by an additional £35,000.

John Martin Holdings Limited

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

13 Called-up share capital

	2012 £'000	2011 £'000
Allotted, called-up and fully-paid:		
“A” Ordinary shares of £1 each	3,400	3,400
“B” Ordinary shares of £1 each	1,700	1,700
	5,100	5,100

The “A” and “B” ordinary shares carry the same rights, including voting rights and rights to dividends.

14 Revaluation reserve

Company

The movement during the year comprises:

	£'000
Beginning of year	11,988
Decrease in the underlying net assets of subsidiary undertakings (note 6)	(3,247)
End of year	8,741

15 Profit and loss account

The movement during the year comprises:

Group

	2012 £'000	2011 £'000
Beginning of year	4,923	6,086
Loss for the financial year	(3,450)	(1,163)
End of year	1,473	4,923

John Martin Holdings Limited

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

16 Reconciliation of movements in shareholders' funds

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Loss for the year	(3,450)	(1,163)	(207)	(140)
Revaluation reserve movement	-	-	(3,247)	(1,021)
Opening shareholders' funds	10,023	11,186	9,823	10,984
Closing shareholders' funds	6,573	10,023	6,369	9,823

17 Cash flow information

Reconciliation of operating loss to operating cash flows

	2012 £'000	2011 £'000
Operating loss	(2,698)	(365)
Depreciation – tangible assets	583	492
Goodwill amortisation	287	78
Loss on sale of fixed assets	20	-
(Increase)/decrease in stocks	(29)	820
(Increase)/decrease in debtors	(1,214)	1,018
Increase in creditors	3,545	847
Net cash inflow from operating activities	494	2,890

Reconciliation of net cash flow to movement in net debt

	2012 £'000	2011 £'000
(Decrease)/increase in cash in the year	(1,163)	1,899
Movement in debt due within one year	1,630	(75)
Movement in net debt in the year	467	1,824
Net debt at beginning of year	(4,359)	(6,183)
Net debt at end of year	(3,892)	(4,359)

John Martin Holdings Limited

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

17 Cash flow information (continued)

Analysis of changes in net debt

	2011 £'000	Cash Movement	2012 £'000
Cash in hand and at bank	3	(1)	2
Overdraft	(1,962)	(1,162)	(3,124)
	(1,959)	(1,163)	(3,122)
Debt:			
Term loans less than one year	(2,400)	1,630	(770)
Total	(4,359)	467	(3,892)

18 Guarantees and other financial commitments

Capital commitments

The group had no authorised and contracted capital commitments at 31 December 2012 (2011: £Nil).

Contingent liabilities

Certain group undertakings have guaranteed the bank overdrafts of other undertakings in the group. The amount outstanding at 31 December 2012 was £3,894,000 (2011: £4,362,000).

During the year the company issued a guarantee over the overdraft and loans of Strathearn Group Limited and the John Martin Property Partnership (entities with common ownership). The aggregate amount of such overdrafts and loans at 31 December 2012 was £4,976,000 (2011: £13,090,000).

The company is registered for VAT purposes in a group of companies which share a common registration number. As a result it has jointly guaranteed the VAT liability of the group and financial failure by other members of the group would give rise to additional liabilities for the company.

Certain subsidiary undertakings of the company have provided guarantees, transaction related guarantees or Assignations in Security in respect of amounts due under finance facilities provided by vehicle manufacturers.

Lease commitments

At 31 December 2012 the group had annual commitments for land and property under operating leases as follows:

	2012 £'000	2011 £'000
Expiring after five years	6	209

John Martin Holdings Limited

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

19 Related party transactions

The group has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures", from the need to disclose transactions between group entities that have been eliminated on consolidation in these group financial statements.

Included within other creditors (note 11) is £236,000 (2011: £622,000) due to Strathearn Group, a group with common ownership. During the year the group has raised management charges to Strathearn Group totalling £50,000 (2011: £50,000). The group also occupies several properties that are owned by the Strathearn Group. During the year the group paid rent totalling £84,000 to the Strathearn Group (2011: £107,500).

20 Controlling Party

The controlling party is considered to be Mr J Martin by virtue of his interest in the shares of the company.