

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002
FOR
TERMIRIM CONSTRUCTION LIMITED

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REGISTRAR OF
COMPANIES



TERMRIM CONSTRUCTION LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2002**

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TERMRIM CONSTRUCTION LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2002

DIRECTORS:

P J Patrick
Mrs R S Patrick
D R Bray
A J Patrick
G C Bird

SECRETARY:

P J Patrick

REGISTERED OFFICE:

21 Old Leeds Road
Huddersfield
YORKSHIRE
HD1 1SG

REGISTERED NUMBER:

1263512

AUDITORS:

wbs
Registered Auditor
Chartered Accountants
21-27 St. Paul's Street
Leeds
LS1 2ER

TERMRIM CONSTRUCTION LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report with the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of contracting in the construction industry.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

Interim dividends totalling £95,000 were paid during the year.

The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2002 will be £95,000.

DIRECTORS

The directors during the year under review were:

P J Patrick
Mrs R S Patrick
D R Bray
A J Patrick
G C Bird

The beneficial interests of the directors holding office on 31 December 2002 in the issued share capital of the ultimate parent company were as follows:

Ordinary £1 shares	31.12.02	1.1.02
P J Patrick	25,000	25,000
Mrs R S Patrick	25,000	25,000
D R Bray	-	-
A J Patrick	-	-
G C Bird	-	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 period. In preparing those financial statements, the directors are required to


- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

TERMRIM CONSTRUCTION LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2002**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'P J Patrick', written over a dotted line.

P J Patrick - SECRETARY

Dated:

TERMRIM CONSTRUCTION LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF TERMRIM CONSTRUCTION LIMITED

We have audited the financial statements of Termrim Construction Limited for the year ended 31 December 2002 on pages five to fourteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



wbs
Registered Auditor
Chartered Accountants
21-27 St. Paul's Street
Leeds
LS1 2ER

Dated: 26 March 2003

TERMRIM CONSTRUCTION LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

		<u>2002</u>	<u>2001</u>
	Notes	£	£
TURNOVER		10,322,885	8,535,751
Cost of sales		<u>(8,893,593)</u>	<u>(7,523,355)</u>
GROSS PROFIT		1,429,292	1,012,396
Administrative expenses		<u>(790,791)</u>	<u>(761,346)</u>
		638,501	251,050
Other operating income		<u>3,300</u>	<u>4,338</u>
OPERATING PROFIT	3	641,801	255,388
Interest receivable and similar income		<u>31,480</u>	<u>22,309</u>
		673,281	277,697
Interest payable and similar charges	4	<u>(248)</u>	<u>(1,168)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		673,033	276,529
Tax on profit on ordinary activities	5	<u>(211,136)</u>	<u>(64,087)</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		461,897	212,442
Dividends	6	<u>(95,000)</u>	<u>(140,000)</u>
		366,897	72,442
Retained profit brought forward		<u>558,998</u>	<u>486,556</u>
		925,895	558,998
Bonus share issue		<u>(9,900)</u>	<u>-</u>
RETAINED PROFIT CARRIED FORWARD		<u>£915,995</u>	<u>£558,998</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.


The notes form part of these financial statements

TERMRIM CONSTRUCTION LIMITED

**BALANCE SHEET
31 DECEMBER 2002**

		<u>2002</u>	<u>2001</u>
	Notes	£	£
FIXED ASSETS:			
Tangible assets	7	42,658	41,025
Investments	8	20,009	9,797
		<u>62,667</u>	<u>50,822</u>
 CURRENT ASSETS:			
Stocks	9	105,017	-
Debtors	10	474,895	1,181,366
Cash at bank and in hand		1,603,647	749,415
		<u>2,183,559</u>	<u>1,930,781</u>
CREDITORS: Amounts falling due within one year	11	<u>(1,313,913)</u>	<u>(1,422,505)</u>
NET CURRENT ASSETS:		<u>869,646</u>	<u>508,276</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		932,313	559,098
 PROVISIONS FOR LIABILITIES AND CHARGES:	13	<u>(6,318)</u>	<u>-</u>
		<u>£925,995</u>	<u>£559,098</u>
 CAPITAL AND RESERVES:			
Called up share capital	14	10,000	100
Profit and loss account		915,995	558,998
SHAREHOLDERS' FUNDS:	18	<u>£925,995</u>	<u>£559,098</u>

ON BEHALF OF THE BOARD:


A J Patrick - DIRECTOR

Approved by the Board on 24/3/03

The notes form part of these financial statements

TERMRIM CONSTRUCTION LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002**

		<u>2002</u>	<u>2001</u>
	Notes	£	£
Net cash inflow from operating activities	1	1,002,802	386,905
Returns on investments and servicing of finance	2	31,232	21,141
Taxation		(64,087)	(25,209)
Capital expenditure and financial investment	2	(20,715)	(8,398)
Equity dividends paid		(95,000)	(140,000)
Increase in cash in the period		<u>£854,232</u>	<u>£234,439</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>854,232</u>	<u>234,439</u>
Change in net funds resulting from cash flows		<u>854,232</u>	<u>234,439</u>
Movement in net funds in the period		<u>854,232</u>	<u>234,439</u>
Net funds at 1 January		<u>749,415</u>	<u>514,976</u>
Net funds at 31 December		<u>£1,603,647</u>	<u>£749,415</u>

The notes form part of these financial statements

TERMRIM CONSTRUCTION LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	641,801	255,388
Depreciation charges	8,626	7,488
Loss on sale of fixed assets	244	-
Increase in stocks	(105,017)	-
Decrease/(Increase) in debtors	706,471	(361,762)
(Decrease)/Increase in creditors	(249,323)	485,791
Net cash inflow from operating activities	<u>1,002,802</u>	<u>386,905</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	31,480	22,309
Interest paid	(248)	(1,168)
Net cash inflow for returns on investments and servicing of finance	<u>31,232</u>	<u>21,141</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(10,503)	(8,398)
Cash payments - investmt purch	(10,212)	-
Net cash outflow for capital expenditure	<u>(20,715)</u>	<u>(8,398)</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.02 £	Cash flow £	At 31.12.02 £
Net cash:			
Cash at bank and in hand	749,415	854,232	1,603,647
	<u>749,415</u>	<u>854,232</u>	<u>1,603,647</u>
Total	<u>749,415</u>	<u>854,232</u>	<u>1,603,647</u>
Analysed in Balance Sheet			
Cash at bank and in hand	749,415		1,603,647
	<u>749,415</u>		<u>1,603,647</u>

The notes form part of these financial statements

TERMRIM CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

Work in progress

Work in progress is valued at the lower of cost and net realisable value, on a first in, first out basis, consistent with prior years.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Hire purchase and leasing commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2. STAFF COSTS

	2002 £	2001 £
Wages and salaries	2,031,661	1,991,562
Social security costs	100,886	91,294
Other pension costs	21,940	20,741
	<u>2,154,487</u>	<u>2,103,597</u>

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

	2002	2001
Direct and contracting	29	36
Directors, management and administration	30	30
	<u>59</u>	<u>66</u>

TERMRIM CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

3. OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	£	£
Hire of plant and machinery	212,426	245,893
Depreciation - owned assets	8,626	7,488
Loss on disposal of fixed assets	244	-
Auditors' remuneration	6,325	6,450
	<u>147,694</u>	<u>118,970</u>
Directors' emoluments	147,694	118,970
Directors' pension contributions to money purchase schemes	14,689	13,762
	<u>14,689</u>	<u>13,762</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	5	5
	<u>5</u>	<u>5</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Interest paid	248	1,168
	<u>248</u>	<u>1,168</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2002	2001
	£	£
Current tax:		
UK corporation tax	204,818	64,087
Deferred tax:		
Deferred taxation	6,318	-
Tax on profit on ordinary activities	<u>211,136</u>	<u>64,087</u>

UK corporation tax has been charged at 26.82% (2001 - 25.14%).

TERMRIM CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

5. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	<u>673,033</u>	<u>276,529</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001 - 30%)	201,910	82,959
Effects of:		
Expenses not deductible for tax purposes	4,254	2,408
Corporation tax marginal relief	(1,661)	(12,378)
Capital allowances in excess of depreciation	315	(370)
Group relief received	-	(8,532)
Current tax charge	<u>204,818</u>	<u>64,087</u>

6. DIVIDENDS

	2002 £	2001 £
Equity shares:		
Interim paid £9.50 per share	<u>95,000</u>	<u>140,000</u>

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Motor vehicles	Totals
	£	£	£
COST:			
At 1 January 2002	90,908	20,228	111,136
Additions	3,113	7,390	10,503
Disposals	-	(7,695)	(7,695)
At 31 December 2002	<u>94,021</u>	<u>19,923</u>	<u>113,944</u>
DEPRECIATION:			
At 1 January 2002	51,463	18,648	70,111
Charge for year	6,384	2,242	8,626
Eliminated on disposals	-	(7,451)	(7,451)
At 31 December 2002	<u>57,847</u>	<u>13,439</u>	<u>71,286</u>
NET BOOK VALUE:			
At 31 December 2002	<u>36,174</u>	<u>6,484</u>	<u>42,658</u>
At 31 December 2001	<u>39,445</u>	<u>1,580</u>	<u>41,025</u>

TERMRIM CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

8. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 2002	9,797
Additions	<u>10,212</u>
At 31 December 2002	<u>20,009</u>
NET BOOK VALUE:	
At 31 December 2002	<u>20,009</u>
At 31 December 2001	<u>9,797</u>

	2002	2001
	£	£
Investments listed on recognised stock exchange	<u>20,009</u>	<u>9,797</u>

Market value of listed investments at 31 December 2002 - £6,882 (2001 - £6,958).

9. STOCKS

	2002	2001
	£	£
Work in progress	<u>105,017</u>	<u>-</u>

**10. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
Trade debtors	308,764	1,018,093
Other debtors	1,888	7,115
Prepayments & accrued income	107,453	57,370
Amount owed by group undertaking	<u>56,790</u>	<u>98,788</u>
	<u>474,895</u>	<u>1,181,366</u>

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
Trade creditors	960,966	1,249,440
Other creditors	3,440	169
Social security & other taxes	66,898	49,157
Taxation	204,818	64,087
Accrued expenses	<u>77,791</u>	<u>59,652</u>
	<u>1,313,913</u>	<u>1,422,505</u>

TERMRIM CONSTRUCTION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

12. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases	
	2002	2001
	£	£
Expiring:		
Within one year	17,164	23,612
Between one and five years	53,681	50,856
	<u>70,845</u>	<u>74,468</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

	2002	2001
	£	£
Deferred taxation	<u>6,318</u>	<u>-</u>
	Deferred tax	
	£	
Accelerated capital allowances	<u>6,318</u>	
Balance at 31 December 2002	<u>6,318</u>	

14. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2002	2001
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2002	2001
			£	£
100	Ordinary	£1	<u>10,000</u>	<u>100</u>

On 12 March 2002 a special resolution was passed to increase the authorised share capital of the company by £49,900 to £50,000, and to allot 9,900 shares by a bonus issue of 100 shares for each existing share held.

15. ULTIMATE PARENT COMPANY

The directors regard Patrick Construction (Holdings) Limited as being the company's ultimate parent company at 31 December 2002.

16. CONTINGENT LIABILITIES

Bonds, quarantees, indemnities or other undertakings given by the client where there is recourse to the client;

Performance bonds £700,994.

TERMRIM CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

17. RELATED PARTY DISCLOSURES

Control relationship

The company was controlled throughout the current and previous year by two of its directors, P.J.Patrick and Mrs R.S.Patrick, by virtue of the fact that between them they held all the ultimate parent company's share capital.

Transactions and balances

£30,000 has been charged in the accounts in respect of management charges payable to the company's ultimate parent company. Included in debtors at note 10 is an amount of £56,790 due from the company's ultimate parent company at 31 December 2002.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	461,897	212,442
Dividends	(95,000)	(140,000)
Net addition to shareholders' funds	366,897	72,442
Opening shareholders' funds	559,098	486,656
Closing shareholders' funds	925,995	559,098
Equity interests	925,995	559,098