

Termrim Construction Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2006

Registration number 1263512

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Termrim Construction Limited

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The following pages do not form part of the statutory financial statements

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Termrim Construction Limited
Officers and Advisers

Directors	P J Patrick
	A J Patrick
	G C Bird
	S J Taylor
Secretary	B Rockett (appointed 1 June 2006)
Registered office	21 Old Leeds Road Huddersfield Yorkshire HD1 1SG
Bankers	National Westminster Bank Plc 8 Market Place Huddersfield HD1 2AL
Auditors	Bentley Jennison Chartered Accountants & Registered Auditors 2 Wellington Place Leeds LS1 4AP

Termrim Construction Limited
Directors' Report for the Year Ended 31 December 2006

continued

- S J Taylor

None of the directors had an interest in the shares of the company at any time during the year

Auditors

The auditors, Bentley Jennison, are deemed to be re-appointed in accordance with section 386 of the Companies Act 1985

Approved by the Board and signed on its behalf by



B Rockett
Company Secretary

Date 10.5.07

Independent Auditors' Report to the Members of Termrim Construction Limited

We have audited the financial statements of Termrim Construction Limited for the year ended 31 December 2006 set out on pages 5 to 16. These financial statements have been prepared in accordance with 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 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 in the statement of Directors' responsibilities on page 2, the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 Directors' Report 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



Bentley Jennison
Chartered Accountants & Registered Auditors

Date 22 May 2007

2 Wellington Place
Leeds
LS1 4AP

Termrim Construction Limited
Profit and Loss Account for the Year Ended 31 December 2006

	Note	2006 £	2005 £
Turnover		13,524,890	10,732,985
Cost of sales		(10,777,321)	(9,228,629)
Gross profit		<u>2,747,569</u>	<u>1,504,356</u>
Administrative expenses		(1,152,464)	(945,525)
Other operating income	2	19,400	22,381
Operating profit	3	<u>1,614,505</u>	<u>581,212</u>
Interest receivable and similar income		90,908	32,585
Interest payable and similar charges	6	(75)	(3,916)
Profit on ordinary activities before taxation		<u>1,705,338</u>	<u>609,881</u>
Tax on profit on ordinary activities	7	(563,175)	(187,688)
Profit for the financial year		<u><u>1,142,163</u></u>	<u><u>422,193</u></u>

Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

The notes on pages 8 to 16 form an integral part of these financial statements

Termrim Construction Limited
Balance Sheet as at 31 December 2006

		2006	2005 <i>as restated</i>
	Note	£	£
Fixed assets			
Tangible assets	9	80,952	70,940
Current assets			
Stocks	10	-	105,017
Debtors	11	3,092,396	3,744,696
Cash at bank and in hand		<u>3,210,913</u>	<u>452,915</u>
		6,303,309	4,302,628
Creditors: Amounts falling due within one year	12	<u>(3,692,487)</u>	<u>(2,515,052)</u>
Net current assets		<u>2,610,822</u>	<u>1,787,576</u>
Total assets less current liabilities		2,691,774	1,858,516
Provisions for liabilities	13	<u>(10,375)</u>	<u>(8,280)</u>
Net assets		<u>2,681,399</u>	<u>1,850,236</u>
Capital and reserves			
Called up share capital	14	10,000	10,000
Profit and loss account	15	<u>2,671,399</u>	<u>1,840,236</u>
Equity shareholders' funds	16	<u>2,681,399</u>	<u>1,850,236</u>

Approved by the Board on 10.5.07 and signed on its behalf by



A J Patrick
Director

Termrim Construction Limited
Cash Flow Statement for the Year Ended 31 December 2006

		2006	2005
	Note	£	£
Net cash flow from operating activities	20	3,347,825	(634,516)
Returns on investment and servicing of finance	21	90,833	28,669
Taxation	21	(342,637)	(72,605)
Capital expenditure and financial investment	21	(27,023)	(16,464)
Equity dividends paid		(311,000)	(100,000)
Net cash flow		<u>2,757,998</u>	<u>(794,916)</u>

Reconciliation of net cash flow to movement in net debt

		2006	2005
	Note	£	£
Increase/(decrease) in cash in the year	22	<u>2,757,998</u>	<u>(794,916)</u>
Change in net debt resulting from cash flows		2,757,998	(794,916)
 Net funds at the start of the year	22	<u>452,915</u>	<u>1,247,831</u>
 Net funds at the end of the year	22	<u>3,210,913</u>	<u>452,915</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2006

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows

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

Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs

Deferred taxation

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

2 Other operating income

	2006	2005
	£	£
Other income	<u>19,400</u>	<u>22,381</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2006

continued

3 Operating profit

Operating profit is stated after charging

	2006 £	2005 £
Hire of plant and machinery (Spot hire)	298,900	195,790
Hire of other assets (Operating leases)	86,792	87,583
The audit of the company's annual accounts	7,950	8,425
Depreciation of owned tangible fixed assets	17,011	16,152
	<u> </u>	<u> </u>

4 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2006 No.	2005 No.
Direct and contracting	61	56
Directors, management and administration	34	30
	<u>95</u>	<u>86</u>

The aggregate payroll costs of these persons were as follows

	2006 £	2005 £
Wages and salaries	2,679,339	2,459,602
Social security	160,338	138,771
Other pension costs	82,053	32,030
	<u>2,921,730</u>	<u>2,630,403</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2006

continued

5 Directors' emoluments

The directors' emoluments for the year are as follows

	2006 £	2005 £
Directors' emoluments (including benefits in kind)	223,952	213,949
Directors' pension contributions	71,745	22,040
	<u>295,697</u>	<u>235,989</u>

During the period the number of directors who were accruing benefits under company pension schemes was as follows

	2006 No.	2005 No.
Money purchase	<u>4</u>	<u>4</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £68,000 (2005 - £48,500), and company pension contributions of £67,891 (2005 - £18,461) were made to a money purchase scheme on their behalf

6 Interest payable and similar charges

	2006 £	2005 £
Bank interest payable	<u>75</u>	<u>3,916</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2006

continued

7 Taxation

Analysis of current period tax charge

	2006 £	2005 £
Current tax		
Corporation tax charge	<u>561,080</u>	<u>187,637</u>
Deferred tax		
Origination and reversal of timing differences	<u>2,095</u>	<u>51</u>
Total tax on profit on ordinary activities	<u>563,175</u>	<u>187,688</u>

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year is higher than (2005 - higher than) the standard rate of corporation tax in the UK of 30 00% (2005 - 30 00%)

The differences are reconciled below

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>1,705,338</u>	<u>609,881</u>
Standard rate corporation tax charge	511,601	182,964
Expenses not deductible for tax purposes (including goods)	51,574	4,724
Accelerated capital allowances	<u>(2,095)</u>	<u>(51)</u>
Total current tax for the year	<u>561,080</u>	<u>187,637</u>

8 Dividends

	2006 £	2005 £
Equity dividends		
Ordinary dividend paid - Current period interim dividend	<u>311,000</u>	<u>100,000</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2006

continued

9 Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Total £
Cost			
As at 1 January 2006	135,042	47,702	182,744
Additions	27,023	-	27,023
As at 31 December 2006	<u>162,065</u>	<u>47,702</u>	<u>209,767</u>
Depreciation			
As at 1 January 2006	87,266	24,538	111,804
Charge for the year	11,220	5,791	17,011
As at 31 December 2006	<u>98,486</u>	<u>30,329</u>	<u>128,815</u>
Net book value			
As at 31 December 2006	<u>63,579</u>	<u>17,373</u>	<u>80,952</u>
As at 31 December 2005	<u>47,776</u>	<u>23,164</u>	<u>70,940</u>

10 Stocks and work in progress

	2006 £	2005 £
Work in progress	<u>-</u>	<u>105,017</u>

11 Debtors

	2006 £	2005 £
Trade debtors	591,746	356,593
Amounts owed by group undertakings	2,264,469	3,234,147
Other debtors	123,931	144,064
Prepayments and accrued income	112,250	9,892
	<u>3,092,396</u>	<u>3,744,696</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2006

continued

12 Creditors: Amounts falling due within one year

	2006 £	2005 £
Trade creditors	2,946,823	2,135,393
Corporation tax	406,080	187,637
Social security and other taxes	93,167	62,001
Other creditors	10,289	15,792
Accruals and deferred income	236,128	114,229
	<u>3,692,487</u>	<u>2,515,052</u>

13 Provisions for liabilities

	Deferred tax provision £
As at 1 January 2006	8,280
Deferred tax provision charged to the profit and loss account	<u>2,095</u>
As at 31 December 2006	<u>10,375</u>

14 Share capital

	2006 £	2005 £
Authorised		
Equity		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
Equity		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

15 Reserves

	Profit and loss account £
Balance at 1 January 2006	1,840,236
Transfer from profit and loss account for the year	1,142,163
Equity dividends paid	<u>(311,000)</u>
Balance at 31 December 2006	<u>2,671,399</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2006

continued

16 Reconciliation of movements in shareholders' funds

	2006	2005 <i>as restated</i>
	£	£
Profit attributable to members of the company	1,142,163	422,193
Dividends	(311,000)	(100,000)
	<u>831,163</u>	<u>322,193</u>
Opening equity shareholders' funds	1,850,236	1,528,043
Closing equity shareholders' funds	<u>2,681,399</u>	<u>1,850,236</u>

17 Contingent liabilities

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

Performance bonds £821,550 (2005 £558,378)

18 Operating lease commitments

As at 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	Other	
	2006 £	2005 £
Within one year	19,494	15,769
Between two and five years	97,153	64,446
	<u>116,647</u>	<u>80,215</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2006

continued

23 Related parties

Controlling entity

The directors regard Patrick Construction (Holdings) Limited as being the company's ultimate parent company at 31 December 2006

The company was controlled throughout the year by one of its directors P J Patrick who owns 50% of the parent company's share capital

Related party transactions

P J Patrick is a director and major shareholder in P J P Construction Limited (formerly Patrick Construction (Holdings) Limited), which was the company's ultimate parent company until 3 February 2006 when the group was restructured. P J P Construction Limited's principal activity is that of a residential developer and during the year P J P Construction Limited charged the company £60,000 for management services and rent. P J P Construction Limited was invoiced £530,000 for construction work undertaken by Termrim Construction Limited. The amount due from P J P Construction Limited at 31 December 2006 was £387,555.

P J Patrick is also a director of a fellow subsidiary of Patrick Construction (Holdings) Limited, A Patrick Development Limited. This company's principal activity is that of property development. Termrim Construction Limited undertook contract work totalling £1,259,000 for A Patrick Developments Limited during the year. The amount owing from A Patrick Development Limited at 31 December 2006 was £1,876,914.

During the year a director of the company, A J Patrick purchased an agricultural barn from the company for £25,000 being the market value of the property at the date of the sale.