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COMPANIES

Termrim Construction Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2007

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	G C Bird S J Taylor Ms J S Patrick (appointed 3 August 2007)
Secretary	Ms B J Rockett
Registered office	1 Pellon Place Bradley Business Park Dyson Wood Way Huddersfield HD2 1GT
Bankers	National Westminster Bank Plc 8 Market Place Huddersfield HD1 2AL
Auditors	RSM Bentley Jennison Chartered Accountants & Registered Auditors 2 Wellington Place Leeds LS1 4AP

Termrim Construction Limited
Directors' Report for the Year Ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. In preparing those financial statements, directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of

Principal activity

The principal activity of the company is that of contracting in the construction industry

Business review

The company's major activities include newbuild and refurbishment contracts principally for private clients and Housing Association clients in the residential and commercial sectors

The turnover for 2007 was £10.1m a decrease of £3.4m on 2006 and pre-tax profits reduced by £133k on 2006

The reduction in turnover can in the main be attributed to delays in obtaining planning approval and purchasing sites for projects

Return on capital employed was 39.82% compared to 59.98% in 2006

Results and dividend

The results for the company are set out in the financial statements

An interim ordinary dividend of £300,000 was paid during the year

Directors

Following the tragic loss of Peter and Andy Patrick in 2007 there have been changes to directors which are noted below

- P J Patrick (Deceased 3 August 2007)
- A J Patrick (Deceased 3 August 2007)
- G C Bird
- S J Taylor
- Ms J S Patrick (appointed 3 August 2007)

Termrim Construction Limited
Directors' Report for the Year Ended 31 December 2007

continued

The shareholders have given the directors and its workforce their full ongoing support and commitment to the business

Auditors

The auditors, RSM 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



Ms B J Rockett
Company Secretary

Date 30.5.08

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 2007 set out on pages 5 to 15. 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

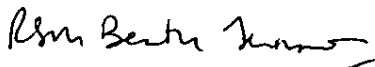
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of 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 2007 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.



RSM Bentley Jennison
Chartered Accountants & Registered Auditors

Date 03/06/08

2 Wellington Place
Leeds
LS1 4AP

Termrim Construction Limited
Profit and Loss Account for the Year Ended 31 December 2007

	Note	2007 £	2006 £
Turnover		10,106,439	13,524,890
Cost of sales		(7,689,065)	(10,777,321)
Gross profit		<u>2,417,374</u>	<u>2,747,569</u>
Administrative expenses		(1,074,355)	(1,152,464)
Other operating income	2	44,341	19,400
Operating profit	3	<u>1,387,360</u>	<u>1,614,505</u>
Interest receivable and similar income		195,453	90,908
Interest payable and similar charges	6	(10,312)	(75)
Profit on ordinary activities before taxation		<u>1,572,501</u>	<u>1,705,338</u>
Tax on profit on ordinary activities	7	(478,863)	(563,175)
Profit for the financial year	14	<u><u>1,093,638</u></u>	<u><u>1,142,163</u></u>

Turnover and operating profit derive wholly from continuing operations

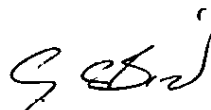
The company has no recognised gains or losses for the year other than the results above

The notes on pages 8 to 15 form an integral part of these financial statements

Termrim Construction Limited
Balance Sheet as at 31 December 2007

		2007		2006	
	Note	£	£	£	£
Fixed assets					
Tangible assets	9		83,848		80,952
Current assets					
Debtors	10	3,513,441		3,092,396	
Cash at bank and in hand		<u>3,002,582</u>		<u>3,210,913</u>	
		6,516,023		6,303,309	
Creditors: Amounts falling due within one year	11	<u>(3,114,019)</u>		<u>(3,692,487)</u>	
Net current assets			<u>3,402,004</u>		<u>2,610,822</u>
Total assets less current liabilities			3,485,852		2,691,774
Provisions for liabilities	12		<u>(10,815)</u>		<u>(10,375)</u>
Net assets			<u>3,475,037</u>		<u>2,681,399</u>
Capital and reserves					
Called up share capital	13		10,000		10,000
Profit and loss account	14		<u>3,465,037</u>		<u>2,671,399</u>
Equity shareholders' funds	15		<u>3,475,037</u>		<u>2,681,399</u>

Approved by the Board on 3/5/08 and signed on its behalf by



G C Bird
Director

Termrim Construction Limited
Cash Flow Statement for the Year Ended 31 December 2007

		2007	2006
	Note	£	£
Net cash flow from operating activities	19	615,343	3,347,825
Returns on investment and servicing of finance	20	185,141	90,833
Taxation paid		(688,411)	(342,637)
Capital expenditure and financial investment	20	(20,404)	(27,023)
Equity dividends paid		(300,000)	(311,000)
Net cash flow		<u>(208,331)</u>	<u>2,757,998</u>

Reconciliation of net cash flow to movement in net debt

		2007	2006
	Note	£	£
(Decrease)/increase in cash in the year	21	<u>(208,331)</u>	<u>2,757,998</u>
Change in net debt resulting from cash flows		(208,331)	2,757,998
Net funds at the start of the year	21	<u>3,210,913</u>	<u>452,915</u>
Net funds at the end of the year	21	<u>3,002,582</u>	<u>3,210,913</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

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

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

	2007 £	2006 £
Other income	<u>44,341</u>	<u>19,400</u>

3 Operating profit

Operating profit is stated after charging

	2007 £	2006 £
Hire of plant and machinery (Spot hire)	239,851	298,900
Hire of other assets (Operating leases)	90,899	86,792
The audit of the company's annual accounts	10,250	7,950
Loss on sale of tangible fixed assets	1,623	-
Depreciation of owned tangible fixed assets	<u>15,885</u>	<u>17,011</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

4 Particulars of employees

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

	2007 No.	2006 No.
Direct and contracting	45	61
Directors, management and administration	37	34
	<u>82</u>	<u>95</u>

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	2,314,619	2,679,339
Social security	183,878	160,338
Other pension costs	24,100	82,053
	<u>2,522,597</u>	<u>2,921,730</u>

5 Directors' emoluments

The directors' emoluments for the year are as follows

	2007 £	2006 £
Directors' emoluments (including benefits in kind)	259,995	223,952
Directors' pension contributions	14,081	71,745
	<u>274,076</u>	<u>295,697</u>

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

	2007 No.	2006 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 £75,967 (2006 - £68,000), and company pension contributions of £1,471 (2006 - £67,891) were made to a money purchase scheme on their behalf

6 Interest payable and similar charges

	2007 £	2006 £
Bank interest payable	61	75
Other interest payable	10,251	-
	<u>10,312</u>	<u>75</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

7 Taxation

Analysis of current period tax charge

	2007 £	2006 £
Current tax		
Corporation tax charge	476,092	561,080
(Over)/under provision in previous year	2,332	-
UK Corporation tax	<u>478,424</u>	<u>561,080</u>
Deferred tax		
Origination and reversal of timing differences	1,238	2,095
Deferred tax adjustment relating to previous years	(799)	-
Total deferred tax	<u>439</u>	<u>2,095</u>
Total tax on profit on ordinary activities	<u>478,863</u>	<u>563,175</u>

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year is higher than (2006 - higher than) the standard rate of corporation tax in the UK of 30.00% (2006 - 30.00%)

The differences are reconciled below

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>1,572,501</u>	<u>1,705,338</u>
Standard rate corporation tax charge	471,750	511,601
Expenses not deductible for tax purposes (including goods)	8,115	51,574
Accelerated capital allowances	(2,011)	(2,095)
Prior year adjustment	2,332	-
Total current tax for the year	<u>480,186</u>	<u>561,080</u>

The current period standard rate tax charge of 480,186 does not equal the actual current period current tax charge of 478,424. A difference of 1,762 still needs to be reconciled

8 Dividends

	2007 £	2006 £
Equity dividends		
Paid	<u>300,000</u>	<u>311,000</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

9 Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Total £
Cost			
As at 1 January 2007	162,065	47,702	209,767
Additions	26,904	-	26,904
Disposals	-	(19,255)	(19,255)
As at 31 December 2007	<u>188,969</u>	<u>28,447</u>	<u>217,416</u>
Depreciation			
As at 1 January 2007	98,486	30,329	128,815
Eliminated on disposals	-	(11,132)	(11,132)
Charge for the year	13,573	2,312	15,885
As at 31 December 2007	<u>112,059</u>	<u>21,509</u>	<u>133,568</u>
Net book value			
As at 31 December 2007	<u>76,910</u>	<u>6,938</u>	<u>83,848</u>
As at 31 December 2006	<u>63,579</u>	<u>17,373</u>	<u>80,952</u>

10 Debtors

	2007 £	2006 £
Trade debtors	298,129	591,746
Amounts owed by group undertakings	3,028,664	2,264,469
Other debtors	46,730	123,931
Prepayments and accrued income	139,918	112,250
	<u>3,513,441</u>	<u>3,092,396</u>

11 Creditors Amounts falling due within one year

	2007 £	2006 £
Trade creditors	2,600,031	2,946,823
Corporation tax	196,092	406,080
Social security and other taxes	48,108	93,167
Other creditors	20,929	10,289
Accruals and deferred income	248,859	236,128
	<u>3,114,019</u>	<u>3,692,487</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

12 Provisions for liabilities

	Deferred tax provision £
As at 1 January 2007	10,375
Deferred tax provision charged to the profit and loss account	440
As at 31 December 2007	<u>10,815</u>

13 Share capital

	2007 £	2006 £
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>

14 Reserves

	Profit and loss account £
Balance at 1 January 2007	2,671,399
Transfer from profit and loss account for the year	1,093,638
Dividends	<u>(300,000)</u>
Balance at 31 December 2007	<u>3,465,037</u>

15 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit attributable to members of the company	1,093,638	1,142,163
Dividends	<u>(300,000)</u>	<u>(311,000)</u>
	793,638	831,163
Opening equity shareholders' funds	<u>2,681,399</u>	<u>1,850,236</u>
Closing equity shareholders' funds	<u>3,475,037</u>	<u>2,681,399</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

16 Contingent liabilities

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

Performance bonds £ nil (2006 £821,550)

17 Operating lease commitments

As at 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	Other	
	2007	2006
	£	£
Within one year	12,365	19,494
Within two and five years	102,446	97,153
	<u>114,811</u>	<u>116,647</u>

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

18 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £24,100 (2006 - £82,053)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

19 Reconciliation of operating profit to operating cash flows

	2007 £	2006 £
Operating profit	1,387,360	1,614,505
Depreciation, amortisation and impairment charges	15,885	17,011
Loss on disposal of fixed assets	1,623	-
Decrease in stocks	-	105,017
(Increase)/decrease in debtors	(421,045)	652,300
(Decrease)/increase in creditors	(368,480)	958,992
Net cash inflow from operating activities	615,343	3,347,825

20 Analysis of cash flows

	2007 £	2006 £
Returns on investment and servicing of finance		
Other interest paid	(10,312)	(75)
Interest received	195,453	90,908
	185,141	90,833
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(26,904)	(27,023)
Sale of tangible fixed assets	6,500	-
	(20,404)	(27,023)

21 Analysis of net funds

	At start of period £	Cash flow £	At end of period £
Cash at bank and in hand	3,210,913	(208,331)	3,002,582

Termrim Construction Limited

Notes to the Financial Statements for the Year Ended 31 December 2007

continued

22 Related parties

Controlling entity

The directors regard Patrick Construction (Holdings) Limited as being the company's ultimate parent company at 31 December 2007

The company was controlled throughout the year by its directors

Related party transactions

An associated undertaking, P J P Construction Limited, a company which trades as a residential developer, charged the company £60,000 for management services and rent during the year P J P Construction Limited was invoiced £842,652 for construction work undertaken by Termrim Construction Limited during the year The amount owing from P J P Construction Limited at 31 December 2007 was £1,237,635

A fellow subsidiary of Patrick Construction (Holdings) Limited , A Patrick Development Limited, a company which trades as a property developer was invoiced £904,363 for construction work undertaken by Termrim Construction Limited during the year The amount owing from A Patrick Development Limited at 31 December 2007 was £1,791,029