



# Termrim Construction Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2009

Registration number 1263512



## **Termrim Construction Limited**

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**Termrim Construction Limited**  
**Company Information**

<b>Directors</b>	G C Bird	
	S J Taylor	
	Ms B J Rockett	(appointed 15 June 2009)
<b>Secretary</b>	Ms B J Rockett	
<b>Registered office</b>	1 Pellon Place Bradley Business Park Dyson Wood Way Huddersfield HD2 1GT	
<b>Bankers</b>	National Westminster Bank Plc 8 Market Place Huddersfield HD1 2AL	
<b>Auditors</b>	RSM Tenon Audit Limited Statutory Auditor 2 Wellington Place Leeds LS1 4AP	

# Termrim Construction Limited

## Directors' Report for the Year Ended 31 December 2009

The directors present their report and the audited financial statements for the year ended 31 December 2009

### 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 2006. 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 new build and refurbishment contracts, principally for private clients and Housing Association clients in the residential and commercial sectors.

The turnover for 2009 was £8.0m, a decrease of £2.3m on 2008, and pre-tax profits reduced by £475k on 2008.

The reduction in pre-tax profits can in the main be attributed to the slowing economic conditions.

Return on capital employed was 15.83% compared with 26.92% in 2008.

### Development and performance of the business

	2009	2008	2007	2006	2005
Turnover	£8,021,280	£10,267,418	£10,106,439	£13,524,890	£10,732,985
Turnover growth	(22)%	2%	(25)%	26%	(12)%
Gross profit margin	20%	21%	24%	20%	14%
Profit before tax	£828,978	£1,289,952	£1,572,501	£1,705,338	£609,881

### Position of the business

At the end of the year, the net assets totalled £4,970,051.

**Termrim Construction Limited**  
**Directors' Report for the Year Ended 31 December 2009**

*continued*

**Financial risk**

***Price risk, credit risk, liquidity risk and cash flow risk***

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

**Results and dividend**

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

The directors do not recommend the payment of a dividend.

**Directors**


The directors who held office during the year were as follows:

- G C Bird
- S J Taylor
- Ms J S Patrick (Resigned 15 June 2009)
- Ms B J Rockett (appointed 15 June 2009)

**Auditors**

The audit business of RSM Bentley Jennison, who had previously been appointed as the company's auditors, has merged with that of RSM Tenon Audit Limited, who succeeded to the office of auditors to the company. The audit report on the financial statements has therefore been issued by the successor firm, RSM Tenon Audit Limited.

Approved by the Board and signed on its behalf by



Ms B J Rockett  
Company Secretary

Date 14.5.10

## **Independent Auditors' Report to the Members of Termrim Construction Limited (Registration number: 1263512)**

We have audited the financial statements of Termrim Construction Limited for the year ended 31 December 2009, set out on pages 6 to 17. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our 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 explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 (APB's) Ethical Standards for Auditors.

### **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 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.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit 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 matters 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Angus Marshall  
Senior Statutory Auditor

for and on behalf of  
RSM Tenon Audit Limited  
Statutory Auditor

2 Wellington Place  
Leeds  
LS1 4AP

**Independent Auditors' Report to the Members of  
Termrim Construction Limited (Registration number: 1263512)**

*continued*  
Date 24/04/0

**Termrim Construction Limited**  
**Profit and Loss Account for the Year Ended 31 December 2009**

	Note	2009 £	2008 £
Turnover		8,021,280	10,267,418
Cost of sales		(6,394,156)	(8,108,054)
<b>Gross profit</b>		<u>1,627,124</u>	<u>2,159,364</u>
Administrative expenses		(853,864)	(1,035,810)
Other operating income	2	27,317	26,181
<b>Operating profit</b>	3	<u>800,577</u>	<u>1,149,735</u>
Interest receivable and similar income		28,401	146,836
Interest payable and similar charges	6	-	(6,619)
<b>Profit on ordinary activities before taxation</b>		<u>828,978</u>	<u>1,289,952</u>
Tax on profit on ordinary activities	7	(251,782)	(372,134)
<b>Profit for the financial year</b>	13	<u><u>577,196</u></u>	<u><u>917,818</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 9 to 17 form an integral part of these financial statements



**Termrim Construction Limited (Registration number: 1263512)**

**Balance Sheet as at 31 December 2009**

		2009		2008	
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		47,226		49,790
<b>Current assets</b>					
Debtors	9	5,714,666		4,564,007	
Cash at bank and in hand		<u>1,460,721</u>		<u>3,018,181</u>	
		7,175,387		7,582,188	
<b>Creditors. Amounts falling due within one year</b>	10	<u>(2,242,289)</u>		<u>(3,229,236)</u>	
<b>Net current assets</b>			<u>4,933,098</u>		<u>4,352,952</u>
<b>Total assets less current liabilities</b>			4,980,324		4,402,742
<b>Provisions for liabilities</b>	11		<u>(10,273)</u>		<u>(9,887)</u>
<b>Net assets</b>			<u>4,970,051</u>		<u>4,392,855</u>
<b>Capital and reserves</b>					
Called up share capital	12		10,000		10,000
Profit and loss account	13		<u>4,960,051</u>		<u>4,382,855</u>
<b>Shareholders' funds</b>	14		<u>4,970,051</u>		<u>4,392,855</u>

Approved by the Board on 14/5/10 and signed on its behalf by



G C Bird  
Director

The notes on pages 9 to 17 form an integral part of these financial statements

**Termrim Construction Limited**  
**Cash Flow Statement for the Year Ended 31 December 2009**

		2009	2008
	Note	£	£
Net cash flow from operating activities	17	(1,350,506)	350,734
Returns on investment and servicing of finance	18	28,401	140,217
Taxation	18	(228,970)	(480,092)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(6,385)	(296)
Sale of tangible fixed assets		-	5,036
		<u>(6,385)</u>	<u>4,740</u>
<b>Net cash flow</b>		<u>(1,557,460)</u>	<u>15,599</u>

**Reconciliation of net cash flow to movement in net funds**

		2009	2008
	Note	£	£
(Decrease)/increase in cash in the year	19	<u>(1,557,460)</u>	<u>15,599</u>
Change in net funds resulting from cash flows		(1,557,460)	15,599
Net funds at the start of the year	19	<u>3,018,181</u>	<u>3,002,582</u>
<b>Net funds at the end of the year</b>	19	<u><u>1,460,721</u></u>	<u><u>3,018,181</u></u>

The notes on pages 9 to 17 form an integral part of these financial statements

## **Termrim Construction Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2009**

#### **1 Accounting policies**

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies are set out below.

##### **Turnover**

Turnover represents the value, net of value added tax, of goods and services supplied to customers during the year.

##### **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 recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

##### **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**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Other income	<u>27,317</u>	<u>26,181</u>

## Termrim Construction Limited

### Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

#### 3 Operating profit

Operating profit is stated after charging

	2009 £	2008 £
Hire of plant and machinery (Spot hire)	173,712	246,191
Hire of other assets (Operating leases)	95,607	98,563
The audit of the company's annual accounts	9,000	9,000
Loss on sale of fixed assets	-	224
Depreciation of owned tangible fixed assets	8,949	13,259
	<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

	2009 No.	2008 No
Direct and contracting	43	44
Directors, management and administration	27	34
	<u>70</u>	<u>78</u>

The aggregate payroll costs of these persons were as follows

	2009 £	2008 £
Wages and salaries	2,020,713	2,324,019
Social security	149,997	175,782
Other pension costs	16,898	15,824
	<u>2,187,608</u>	<u>2,515,625</u>

# Termrim Construction Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 5 Directors' remuneration

The directors' remuneration for the year are as follows

	2009 £	2008 £
Directors' remuneration (including benefits in kind)	236,610	213,417
Directors' pension contributions	5,622	4,379
	<u>242,232</u>	<u>217,796</u>

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

	2009 No.	2008 No
Money purchase	<u>4</u>	<u>3</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £101,808 (2008 - £101,148), and company pension contributions of £2,550 (2008 - £2,308) were made to a money purchase scheme on their behalf

### 6 Interest payable and similar charges

	2009 £	2008 £
Other interest payable	<u>-</u>	<u>6,619</u>

**Termrim Construction Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2009**

*continued*

**7 Taxation**

**Analysis of current period tax charge**

	2009 £	2008 £
<b>Current tax</b>		
Corporation tax charge	235,085	373,062
(Over)/under provision in previous year	16,311	-
UK Corporation tax	<u>251,396</u>	<u>373,062</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	6,303	(1,009)
Deferred tax adjustment relating to previous years	(5,917)	81
<b>Total deferred tax</b>	<u>386</u>	<u>(928)</u>
<b>Total tax on profit on ordinary activities</b>	<u><u>251,782</u></u>	<u><u>372,134</u></u>

**Factors affecting current period tax charge**

The tax assessed on the profit on ordinary activities for the year is higher than (2008 - higher than) the standard rate of corporation tax in the UK of 28.00% (2008 - 28.00%)

The differences are reconciled below

	2009 £	2008 £
Profit on ordinary activities before taxation	<u>828,978</u>	<u>1,289,952</u>
Standard rate corporation tax charge	232,114	361,187
Expenses not deductible for tax purposes (including goods)	4,248	4,397
Accelerated capital allowances	(1,277)	1,009
Marginal relief	-	6,469
Prior year adjustment	16,311	-
<b>Total current tax for the year</b>	<u><u>251,396</u></u>	<u><u>373,062</u></u>

# Termrim Construction Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 8 Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>			
As at 1 January 2009	163,479	-	163,479
Additions	1,160	5,225	6,385
As at 31 December 2009	<u>164,639</u>	<u>5,225</u>	<u>169,864</u>
<b>Depreciation</b>			
As at 1 January 2009	113,689	-	113,689
Charge for the year	7,643	1,306	8,949
As at 31 December 2009	<u>121,332</u>	<u>1,306</u>	<u>122,638</u>
<b>Net book value</b>			
As at 31 December 2009	<u>43,307</u>	<u>3,919</u>	<u>47,226</u>
As at 31 December 2008	<u>49,790</u>	<u>-</u>	<u>49,790</u>

### 9 Debtors

	2009 £	2008 £
Trade debtors	341,943	492,135
Amounts owed by group undertakings	5,277,232	3,893,088
Other debtors	5,717	43,263
Prepayments and accrued income	89,774	135,521
	<u>5,714,666</u>	<u>4,564,007</u>

### 10 Creditors. Amounts falling due within one year

	2009 £	2008 £
Trade creditors	2,034,114	2,835,723
Corporation tax	111,488	89,062
Social security and other taxes	71,458	51,768
Other creditors	-	17,092
Accruals and deferred income	25,229	235,591
	<u>2,242,289</u>	<u>3,229,236</u>

# Termrim Construction Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 11 Provisions for liabilities

	Deferred tax provision £
As at 1 January 2009	9,887
Deferred tax provision charged to the profit and loss account	386
As at 31 December 2009	<u>10,273</u>

### 12 Share capital

	2009 £	2008 £
<b>Authorised</b>		
<b>Equity</b>		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
<b>Allotted, called up and fully paid</b>		
<b>Equity</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

### 13 Reserves

	Profit and loss account £
Balance at 1 January 2009	4,382,855
Transfer from profit and loss account for the year	577,196
Balance at 31 December 2009	<u>4,960,051</u>



**Termrim Construction Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2009**

*continued*

**14 Reconciliation of movements in shareholders' funds**

	2009 £	2008 £
Profit attributable to members of the company	<u>577,196</u>	<u>917,818</u>
	577,196	917,818
Opening shareholders' funds	<u>4,392,855</u>	<u>3,475,037</u>
Closing shareholders' funds	<u><u>4,970,051</u></u>	<u><u>4,392,855</u></u>

**15 Operating lease commitments**

As at 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	2009 £	2008 £
Within one year	10,581	16,012
Within two to five years	<u>41,345</u>	<u>54,402</u>
	<u><u>51,926</u></u>	<u><u>70,414</u></u>

**16 Pension scheme**

**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 £16,898 (2008 - £15,824)

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

# Termrim Construction Limited

## Notes to the Financial Statements for the Year Ended 31 December 2009

*continued*

### 17 Reconciliation of operating profit to operating cash flows

	2009	2008
	£	£
Operating profit	786,894	1,149,735
Depreciation, amortisation and impairment charges	8,949	13,259
Loss on disposal of fixed assets	-	224
Increase in debtors	(1,134,581)	(1,034,731)
(Decrease)/increase in creditors	(1,011,768)	222,247
Net cash (outflow)/inflow from operating activities	<u>(1,350,506)</u>	<u>350,734</u>

### 18 Analysis of cash flows

	2009	2008
	£	£
<b>Returns on investment and servicing of finance</b>		
Other interest paid	-	(6,619)
Interest received	28,401	146,836
	<u>28,401</u>	<u>140,217</u>
<b>Taxation</b>		
Taxation paid	(282,000)	(564,000)
Taxation refund	53,030	83,908
	<u>(228,970)</u>	<u>(480,092)</u>

### 19 Analysis of net funds

	At start of period	Cash flow	At end of period
	£	£	£
Cash at bank and in hand	<u>3,018,181</u>	<u>(1,557,460)</u>	<u>1,460,721</u>

## **Termrim Construction Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2009**

*continued*

#### **20 Related parties**

##### **Controlling entity**

The directors regard Patrick Construction Group Limited as being the company's ultimate parent company at 31 December 2009

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 £61,652 (2008 £116,116) for management charges and rent during the year. The amount owing from P J P Construction Limited at 31 December 2009 was £nil (2008 £1,419,184)

A fellow subsidiary of Patrick Construction (Holdings) Limited, A Patrick Development Limited, a company which trades as a property developer was invoiced £200,000 (2008 £692,477) for construction work undertaken by Termrim Construction Limited during the year. The amount owing from A Patrick Development Limited at 31 December 2009 was £1,984,748 (2008 £2,473,904)