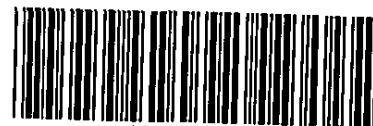




TERMRIM CONSTRUCTION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Company Registration Number 1263512

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TERMRIM CONSTRUCTION LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

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TERMRIM CONSTRUCTION LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2010

The board of directors	G C Bird S J Taylor Ms B J Rockett
Company secretary	Ms B J Rockett
Business address	1 Pellon Place Bradley Business Park Dyson Wood Way Huddersfield HD2 1GT
Registered office	1 Pellon Place Bradley Business Park Dyson Wood Way Huddersfield HD2 1GT
Auditor	RSM Tenon Audit Limited 2 Wellington Place Leeds LS1 4AP
Bankers	National Westminster Bank Plc 8 Market Place Huddersfield HD1 1SG

TERMIRIM CONSTRUCTION LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements of the company for the year ended 31 December 2010

Principal activities and business review

The principal activity of the company during the year was that of contracting in the construction industry

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 2010 was £6.9m, a decrease of £1.2m on 2009, and pre-tax profits reduced by £431k on 2009

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

Return on capital employed was 7.7% compared with 16.7% in 2009

Development and performance of the business

	2010	2009	2008	2007	2006
Turnover	£6,860,616	£8,021,280	£10,267,418	£10,106,439	£13,524,890
Turnover growth	(14)%	(22)%	2%	(25)%	26%
Gross profit margin	18%	20%	24%	24%	20%
Profit before tax	£359,349	£828,978	£1,289,952	£1,572,501	£1,705,338

Position of the business

At the end of the year, the net assets totalled £5,137,384

Results and dividends

The profit for the year, after taxation, amounted to £278,739. Particulars of dividends paid are detailed in note 9 to the financial statements

Financial risk management objectives and policies

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 financial 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

TERMRIM CONSTRUCTION LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

Directors

The directors who served the company during the year were as follows

G C Bird
S J Taylor
Ms B J Rockett

Directors' responsibilities

The directors are responsible for preparing the Directors' 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 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, and
- 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.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

TERMRIM CONSTRUCTION LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

Auditor

A resolution to reappoint RSM Tenon Audit Limited as auditors for the ensuing year will be proposed at the forthcoming annual general meeting

Signed on behalf of the directors



Ms B J Rockett

Company Secretary

Approved by the directors on 27/05/11

TERMIRIM CONSTRUCTION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERMIRIM
CONSTRUCTION LIMITED
YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of Termrim Construction Limited for the year ended 31 December 2010 on pages 7 to 16. 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 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

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 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 2010 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.


TERMRIM CONSTRUCTION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERMRIM
CONSTRUCTION LIMITED *(continued)*
YEAR ENDED 31 DECEMBER 2010

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

Date - 02/06/11

TERMRIM CONSTRUCTION LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Turnover	2	6,860,616	8,021,280
Cost of sales		(5,651,544)	(6,394,156)
Gross profit		<u>1,209,072</u>	<u>1,627,124</u>
Administrative expenses		(882,864)	(853,864)
Other operating income	3	4,824	27,317
Operating profit	4	<u>331,032</u>	<u>800,577</u>
Interest receivable		28,649	28,401
Interest payable and similar charges	7	(332)	—
Profit on ordinary activities before taxation		<u>359,349</u>	<u>828,978</u>
Tax on profit on ordinary activities	8	(80,610)	(251,782)
Profit for the financial year		<u><u>278,739</u></u>	<u><u>577,196</u></u>

All of the activities of the company are classed as continuing

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

The notes on pages 10 to 16 form part of these financial statements

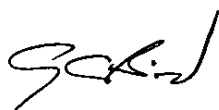
TERMRIM CONSTRUCTION LIMITED

Registered Number 1263512

BALANCE SHEET**31 DECEMBER 2010**

	Note	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	10		53,558		47,226
Current assets					
Debtors	11	5,511,256		5,714,666	
Cash at bank and in hand		1,758,344		1,460,721	
		<u>7,269,600</u>		<u>7,175,387</u>	
Creditors: Amounts falling due within one year	12	<u>(2,166,369)</u>		<u>(2,242,289)</u>	
Net current assets			5,103,231		4,933,098
Total assets less current liabilities			<u>5,156,789</u>		<u>4,980,324</u>
Provisions for liabilities					
Deferred taxation	13		(7,999)		(10,273)
			<u>5,148,790</u>		<u>4,970,051</u>
Capital and reserves					
Called-up share capital	17		10,000		10,000
Profit and loss account	18		5,138,790		4,960,051
Shareholders' funds	19		<u>5,148,790</u>		<u>4,970,051</u>

These financial statements were approved by the directors and authorised for issue on 27/05/11 and are signed on their behalf by



G C Bird
Director

The notes on pages 10 to 16 form part of these financial statements

TERMRIM CONSTRUCTION LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	£	2009 £	£
Net cash inflow/(outflow) from operating activities	20		572,086		(1,350,506)
Returns on investments and Servicing of finance					
Interest received		28,649		28,401	
Interest paid		<u>(332)</u>		<u>—</u>	
Net cash inflow from returns on investments and servicing of finance			28,317		28,401
Taxation			(185,782)		(228,970)
Capital expenditure					
Payments to acquire tangible fixed assets		<u>(16,998)</u>		<u>(6,385)</u>	
Net cash outflow from capital expenditure			(16,998)		(6,385)
Equity dividends paid			(100,000)		—
Increase/(decrease) in cash	20		<u>297,623</u>		<u>(1,557,460)</u>

The notes on pages 10 to 16 form part of these financial statements

TERMRIM CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. Accounting policies

Basis of accounting

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

Turnover

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

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Fixtures & Fittings	- 15% reducing balance
Motor Vehicles	- 25% reducing balance

Operating lease agreements

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

Pension costs

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

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

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2010	2009
	£	£
United Kingdom	<u>6,860,616</u>	<u>8,021,280</u>

TERMRIM CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

3. Other operating income

	2010	2009
	£	£
Other operating income	<u>4,824</u>	<u>27,317</u>

4. Operating profit

Operating profit is stated after charging

	2010	2009
	£	£
Depreciation of owned fixed assets	10,666	8,949
Auditors remuneration	8,825	9,000
Operating lease costs		
-Other	<u>81,417</u>	<u>90,207</u>

5. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2010	2009
	No	No
Direct and contracting	45	43
Directors, management and administration	<u>28</u>	<u>27</u>
	<u>73</u>	<u>70</u>

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	2,191,303	2,020,713
Social security costs	143,329	149,997
Other pension costs	17,135	16,898
	<u>2,351,767</u>	<u>2,187,608</u>

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2010	2009
	£	£
Remuneration receivable	184,710	236,610
Value of company pension contributions to money purchase schemes	<u>5,550</u>	<u>5,622</u>
	<u>190,260</u>	<u>242,232</u>

TERMIRIM CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

6. Directors' remuneration (continued)

Remuneration of highest paid director:

	2010	2009
	£	£
Total remuneration (excluding pension contributions)	88,870	101,808
Value of company pension contributions to money purchase schemes	<u>2,250</u>	<u>2,550</u>
	<u>91,120</u>	<u>104,358</u>

The number of directors on whose behalf the company made pension contributions was as follows

	2010	2009
	No	No
Money purchase schemes	<u>3</u>	<u>4</u>

7. Interest payable and similar charges

	2010	2009
	£	£
Interest payable on bank borrowing	<u>332</u>	<u>—</u>

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2010	2009
	£	£
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2009 - 28%)	97,590	235,085
Over/under provision in prior year	<u>(14,706)</u>	<u>16,311</u>
	82,884	251,396
Deferred tax		
Origination and reversal of timing differences	<u>(2,274)</u>	<u>386</u>
Tax on profit on ordinary activities	<u>80,610</u>	<u>251,782</u>

TERMRIM CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

8. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010 £	2009 £
Profit on ordinary activities before taxation	359,349	828,978
Profit on ordinary activities by rate of tax	100,618	232,114
Effects of		
Expenses not deductible for tax purposes	2,835	4,248
Capital allowances for period in excess of depreciation	(3,368)	(1,277)
Small company relief	(2,495)	-
Adjustments to tax charge in respect of previous periods	(14,706)	16,311
Total current tax (note 8(a))	82,884	251,396

9. Dividends

Equity dividends

	2010 £	2009 £
Dividends paid in year		
Dividends on equity shares	100,000	-

10. Tangible fixed assets

	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost			
At 1 January 2010	164,639	5,225	169,864
Additions	8,303	8,695	16,998
At 31 December 2010	172,942	13,920	186,862
Depreciation			
At 1 January 2010	121,332	1,306	122,638
Charge for the year	7,512	3,154	10,666
At 31 December 2010	128,844	4,460	133,304
Net book value			
At 31 December 2010	44,098	9,460	53,558
At 31 December 2009	43,307	3,919	47,226

TERMRIM CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

11 Debtors

	2010	2009
	£	£
Trade debtors	593,525	341,943
Amounts owed by group undertakings	4,771,882	5,277,232
Other debtors	47,854	5,717
Prepayments and accrued income	97,995	89,774
	<u>5,511,256</u>	<u>5,714,666</u>

12. Creditors: Amounts falling due within one year

	2010	2009
	£	£
Trade creditors	2,049,241	2,034,114
Corporation tax	8,590	111,488
Other taxation and social security	47,488	71,458
Accruals and deferred income	61,050	25,229
	<u>2,166,369</u>	<u>2,242,289</u>

13 Deferred taxation

The movement in the deferred taxation provision during the year was

	2010	2009
	£	£
At 1 January 2010	10,273	9,887
Profit and loss account movement arising during the year	<u>(2,274)</u>	<u>386</u>
At 31 December 2010	<u>7,999</u>	<u>10,273</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2010	2009
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>7,999</u>	<u>10,273</u>
	<u>7,999</u>	<u>10,273</u>

14. Operating lease commitments

As at 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	2010	2009
	£	£
Within one year	59,880	10,581
Within two to five years	<u>37,601</u>	<u>41,345</u>
	<u>97,481</u>	<u>51,926</u>

TERMIRIM CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

15. Pension scheme

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost share for the period represents contributions payable by the company to the scheme and amounted to £17,135 (2009 £16,898)

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

16. Related party transactions

An associated undertaking PJP Construction Limited, a company which trades as a residential developer, charged the company £62,393 (2009 £61,652) for management charges and rent during the year. The amount owing from PJP Construction Limited at 31 December 2010 was £nil (2009 £nil)

A fellow subsidiary of Patrick Construction (Holdings) Limited, A Patrick Development Limited, a company which trades as a property developer was invoiced £nil (2009 £200,000) for construction work undertaken by Termrim Construction Limited during the year. The amount owing from A Patrick Development Limited at 31 December 2010 was £1,578,998 (2009 £1,984,748)

During the year sales of £81,566 (2009 £nil) were made to G Bird, a Director of the company. This was fully paid before the year end.

17. Share capital

Authorised share capital:

	2010	2009
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2010	£	2009	£
	No		No	
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

18. Profit and loss account

	2010	2009
	£	£
Balance brought forward	4,960,051	4,382,855
Profit for the financial year	278,739	577,196
Equity dividends	(100,000)	-
Balance carried forward	<u>5,138,790</u>	<u>4,960,051</u>

TERMRIM CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

19. Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	278,739	577,196
Equity dividends	(100,000)	—
Net addition to shareholders' funds	178,739	577,196
Opening shareholders' funds	4,970,051	4,392,855
Closing shareholders' funds	<u>5,148,790</u>	<u>4,970,051</u>

20 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2010 £	2009 £
Operating profit	331,032	800,577
Depreciation	10,666	8,949
Decrease/(increase) in debtors	203,410	(1,150,659)
Increase/(decrease) in creditors	26,978	(1,009,373)
Net cash inflow/(outflow) from operating activities	<u>572,086</u>	<u>(1,350,506)</u>

Reconciliation of net cash flow to movement in net funds

	2010 £	2009 £
Increase/(decrease) in cash in the period	297,623	(1,557,460)
Movement in net funds in the period	297,623	(1,557,460)
Net funds at 1 January 2010	1,460,721	3,018,181
Net funds at 31 December 2010	<u>1,758,344</u>	<u>1,460,721</u>

Analysis of changes in net funds

	At 1 January 2010 £	Cash flows £	At 31 December 2010 £
Net cash			
Cash in hand and at bank	1,460,721	297,623	1,758,344
Net funds	<u>1,460,721</u>	<u>297,623</u>	<u>1,758,344</u>

21. Ultimate parent company

Controlling entity

The directors regard Patrick Construction Group Limited as being the company's ultimate parent company at 31 December 2010

The company was controlled throughout the year by its directors