

**TERMHOPE LIMITED**

**Financial Statements**

**For the year ended 31 December 2011**



**Company Registration Number: 01267583**

# **TERMHOPE LIMITED**

**Financial statements for the year ended 31 December 2011**

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**TERMHOPE LIMITED**

**Directors, officers and advisers**

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**Directors**

J P Wesson  
Mrs J Wesson  
J H Weiner

**Secretary and registered office**

Mrs J Wesson  
Brook Street  
Mid Kent Business Park  
Snodland  
ME6 5BB

**Registered number**

01267583

**Auditors**

Day, Smith & Hunter  
Globe House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent ME14 3EN

## TERMHOPE LIMITED

### Directors' report for the year ended 31 December 2011

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The directors present their report and the financial statements of the company for the year ended 31 December 2011

#### Review of the business and principal activity

The principal activity of the company is trading in motor parts

#### Key performance indicators (KPIs)

The KPIs used to determine the progress and performance of the company are set out below

	2011	2010
Turnover (£000)	7,980	6,873
Operating profit (£000)	944	645
Average monthly staff (number)	16	16

Turnover has increased by 16% in the year, reflecting higher activity levels than in the previous year. This has had a beneficial effect on operating profit. Staff numbers have remained steady.

The directors are satisfied with the performance of the company in the year, and anticipate similar results in the current year.

#### Principal risks and uncertainties

The company's principal risks can broadly be defined as competitive, legislative and financial.

- *Competitive risks and market* The motor parts industry is competitive, and the company faces pressures from other organisations in execution of its strategy. This is addressed by the depth of expertise in the industry of the management team, a detailed understanding of the market and environment, and a commitment to quality.
- *Legislative risks* The company is subject to normal company laws and regulations such as employment legislation, which may be subject to change. Robust compliance and monitoring controls minimise the company's exposure.
- *Financial instruments risk* The company manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid reserves to meet the operating needs of its business. 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. Liquidity risk in respect of creditors is managed by ensuring sufficient funds are available to meet amounts due.

#### Results and dividends

The results for the year ended 31 December 2011 are shown on the profit and loss account on page 6. The profit for the year after taxation was £711,024 (2010 £471,188). Dividends of £250,000 (2010 £280,000) were paid during the year.

#### Directors

The directors who served during the year were

J P Wesson  
Mrs J Wesson  
J H Weiner

## TERMHOPE LIMITED

### Directors' report for the year ended 31 December 2011 (continued)

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#### Directors' responsibilities statement

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 these 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.

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.

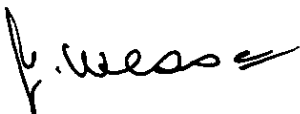
#### Fixed assets

In the opinion of the directors, the value of the company's freehold land and buildings (note 8) is not materially in excess of that shown in the financial statements when considered in relation to its use in the company's trade.

#### Disclosure of information to auditors

To the knowledge and belief of the directors, there is no relevant information that the company's auditors are not aware of, and the directors have taken all the steps necessary to ensure the directors are aware of any relevant information, and to establish that the company's auditors are aware of the information.

Signed on behalf of the board



MRS J WESSON  
Secretary

Approved by the Board on 04.07.2012

## **TERMHOPE LIMITED**

### **Independent auditors' report to the members of Termhope Limited**

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We have audited the financial statements of Termhope Limited for the year ended 31 December 2011 which are set out on pages 6 to 15. 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 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 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 (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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Basis for qualified opinion on financial statements**

Note 19 to the financial statements excludes certain related party transactions which were undertaken during the year on normal commercial terms but are required to be disclosed under United Kingdom Generally Accepted Accounting Practice and the requirements of the Companies Act 2006.

#### **Qualified opinion on financial statements**

Except for the omission of the information detailed in the basis for qualified opinion paragraph, in our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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 matter 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.

**TERMHOPE LIMITED**

**Independent auditors' report to the members of Termhope Limited (continued)**

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**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

**Duncan Cochrane-Dyet FCA (Senior Statutory Auditor)**  
**for and on behalf of Day, Smith & Hunter, Statutory Auditor**  
**Registered Auditors and**  
**Chartered Accountants**

Globe House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent ME14 3EN

*4 July 2012*

**TERMHOPE LIMITED**

**Profit and loss account for the year ended 31 December 2011**

	Notes	2011 £	2010 £
<b>Turnover</b>	2	7,980,396	6,872,989
Cost of sales		<u>(6,198,060)</u>	<u>(5,491,589)</u>
<b>Gross profit</b>		<u>1,782,336</u>	<u>1,381,400</u>
Administrative expenses		(842,570)	(743,478)
Other operating income		<u>4,200</u>	<u>6,787</u>
<b>Operating profit</b>		943,966	644,709
Other interest receivable and similar income		42	50
Interest payable and similar charges	6	<u>(185)</u>	<u>(408)</u>
<b>Profit on ordinary activities before taxation</b>		943,823	644,351
Taxation on profit on ordinary activities	7	<u>(232,799)</u>	<u>(173,163)</u>
<b>Profit for the financial year</b>	15	<u><u>711,024</u></u>	<u><u>471,188</u></u>

None of the company's activities was acquired or discontinued during the above two years

There were no recognised gains nor losses other than those included in the profit and loss account

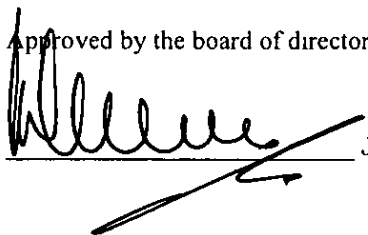
The notes on pages 9 to 15 form part of these financial statements

**TERMHOPE LIMITED**

**Balance sheet at 31 December 2011**

	Notes	2011		2010	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		1,521,654		1,493,683
Investments	9		75		75
			<u>1,521,729</u>		<u>1,493,758</u>
<b>Current assets</b>					
Stock	10	886,052		963,149	
Debtors	11	606,316		972,680	
Cash at bank and in hand		<u>1,207,073</u>		<u>114,870</u>	
		2,699,441		2,050,699	
<b>Creditors' amounts falling due within one year</b>	12	<u>(1,338,317)</u>		<u>(1,072,628)</u>	
<b>Net current assets</b>			<u>1,361,124</u>		<u>978,071</u>
<b>Total assets less current liabilities</b>			<u>2,882,853</u>		<u>2,471,829</u>
<b>Creditors' amounts falling due after more than one year</b>	13		<u>-</u>		<u>(50,000)</u>
			<u>2,882,853</u>		<u>2,421,829</u>
<b>Capital and reserves</b>					
Called up share capital	14		442,225		442,225
Capital redemption reserve	15		15,625		15,625
Profit and loss account	15		<u>2,425,003</u>		<u>1,963,979</u>
<b>Shareholders' funds</b>	17		<u>2,882,853</u>		<u>2,421,829</u>

Approved by the board of directors on 04.04.2012 and signed on its behalf



J P Wesson - Director

**Company Registration No: 01267583**

The notes on pages 9 to 15 form part of these financial statements

**TERMHOPE LIMITED**

**Cash flow statement for the year ended 31 December 2011**

	Notes	2011 £	2010 £
<b>Operating activities</b>			
Net cash flow from operating activities	18a	1,631,723	255,730
<b>Returns on investments and servicing of finance</b>			
Interest and similar income received		42	50
Interest and similar charges paid		(185)	(408)
Net cash flow from returns on investments and servicing of finance		(143)	(358)
<b>Taxation</b>			
Corporation tax paid		(173,164)	(169,479)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(94,133)	(337,995)
Receipts from sale of tangible fixed assets		27,920	8,500
Net cash flow from investing activities		(66,213)	(329,495)
		1,392,203	(243,602)
Equity dividends paid		(250,000)	(200,000)
Non-equity dividends paid		-	(80,000)
Net cash flow before financing		1,142,203	(523,602)
<b>Financing</b>			
Issue of ordinary share capital		-	250,000
Repayment of long term redeemable preference shares		(50,000)	-
Capital repayments on finance lease and hire purchase contracts		-	(7,515)
Net cash flow from financing		(50,000)	242,485
<b>Increase/(decrease) in cash</b>	18c	<u>1,092,203</u>	<u>(281,117)</u>

The notes on pages 9 to 15 form part of these financial statements

## TERMHOPE LIMITED

Notes to the financial statements for the year ended 31 December 2011

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### 1 Accounting policies

#### a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards

#### b) Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax and trade discounts

#### c) Consolidation

The subsidiary company is dormant and therefore group accounts have not been prepared. The accounts of the company present information about it as an individual undertaking and not the group.

#### d) Depreciation of tangible fixed assets

No depreciation has been provided on the company's freehold land

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are

Freehold buildings	50 years (2% per annum)
Improvements to buildings	10 years (10% per annum)
Motor vehicles	5 years (20% per annum)
Equipment, fixtures and fittings	5 years (20% per annum)
Plant and machinery	4/5 years (25%/20% per annum)

#### e) Stocks

Stocks are stated at the lower of cost and net realisable value

Net realisable value is based on estimated normal selling price less further costs expected to be incurred on disposal. Provision is made for obsolete, slow-moving or defective items where appropriate

#### f) Deferred taxation

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

Deferred tax is measured on a nondiscounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

#### g) Foreign currency translation

Normal trading transactions denominated in foreign currencies are recorded in sterling at the exchange rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at that date, except that where debtors have been received since the year end, the actual sterling amount received has been brought into account at the balance sheet date. Any gain or loss arising from change in exchange rates is included in the profit and loss account

#### h) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value

#### i) Hire purchase and finance lease contracts

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding

#### j) Pension scheme

The company operates four defined contribution pension schemes and the assets of the schemes are held separately from those of the company in independently managed funds. The pension cost charge represents contributions payable by the company to the funds in the year

# TERMHOPE LIMITED

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 2 Turnover

In the directors' opinion, disclosure of the analyses of turnover by geographical markets would be detrimental to the company, and have therefore been omitted

### 3 Operating profit

This is stated after charging/(crediting)

	2011	2010
	£	£
Loss on exchange	101,771	44,254
Depreciation	48,865	51,818
Profit on disposal of fixed assets	(10,623)	(370)
Auditors' remuneration - Audit fee	9,980	9,700

### 4 Employee information

	2011	2010
	£	£
<b>Staff costs</b>		
Wages and salaries	397,715	347,321
Social security costs	51,263	45,894
Other pension costs	4,596	4,457
	<b>453,574</b>	<b>397,672</b>

The company operates four defined contribution pension schemes and the assets of the schemes are held separately from those of the company

One of the schemes is a funded unapproved retirement benefit scheme, two of the schemes are insurance based schemes and the other is non-contributory

One of the directors is a member of the funded unapproved retirement benefit scheme and the non contributory scheme administered by trustees and one of the other directors is a member of one of the insurance based schemes

The average number of persons employed during the year, including executive directors, was made up as follows

	2011	2010
	Number	Number
Distribution	6	6
Sales	1	1
Administration	9	9
	<b>16</b>	<b>16</b>

**TERMHOPE LIMITED**

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

**5 Directors' emoluments**

	2011	2010
	£	£
Emoluments	238,076	186,235
Company contributions to money purchase pension schemes	4,596	4,457
	<u>242,672</u>	<u>190,692</u>

The remuneration of the highest paid director was

Emoluments and amounts receivable under long term incentive schemes	<u>178,057</u>	<u>105,348</u>
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Contributions to money purchase pension schemes were made in respect of 1 director in the year (2010 1)

**6 Interest payable and similar charges**

	2011	2010
	£	£
Other interest	185	212
On obligations under finance lease and hire purchase	-	196
	<u>185</u>	<u>408</u>

**7 Tax on profit on ordinary activities**

	2011	2010
	£	£
United Kingdom corporation tax at 26.5% (2010 28%)	<u>232,799</u>	<u>173,163</u>
<b>Profit on ordinary activities before taxation</b>	<u>943,823</u>	<u>644,351</u>

**Factors affecting tax charge for the period**

Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 28%)	250,113	180,418
Effects of		
Expenses not deductible for tax purposes	-	437
Depreciation in period in excess of capital allowances	-	7,824
Income not assessable for tax purposes	(2,815)	(996)
Marginal relief	(9,162)	(14,520)
Capital allowances in excess of depreciation	(5,337)	-
<b>Current tax charge for the year</b>	<u>232,799</u>	<u>173,163</u>

# TERMHOPE LIMITED

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 8 Tangible fixed assets

	Freehold land and buildings	Motor vehicles	Equipment fixtures and fittings	Plant and machinery	Total
	£	£	£	£	£
<b>Cost:</b>					
At 1 January 2011	1,474,655	126,673	36,085	158,228	1,795,641
Additions	-	92,670	-	1,463	94,133
Disposals	-	(86,487)	-	-	(86,487)
At 31 December 2011	<u>1,474,655</u>	<u>132,856</u>	<u>36,085</u>	<u>159,691</u>	<u>1,803,287</u>
<b>Depreciation:</b>					
At 1 January 2011	36,968	87,453	28,375	149,162	301,958
Provision for the year	13,812	26,571	2,433	6,049	48,865
Adjustments for disposals	-	(69,190)	-	-	(69,190)
At 31 December 2011	<u>50,780</u>	<u>44,834</u>	<u>30,808</u>	<u>155,211</u>	<u>281,633</u>
<b>Net book value</b>					
At 31 December 2011	<u>1,423,875</u>	<u>88,022</u>	<u>5,277</u>	<u>4,480</u>	<u>1,521,654</u>
At 31 December 2010	<u>1,437,687</u>	<u>39,220</u>	<u>7,710</u>	<u>9,066</u>	<u>1,493,683</u>

The net book value of freehold land and buildings at 31 December 2011 is made up as follows

	2011	2010
	£	£
Freehold land and buildings	1,418,126	1,430,797
Improvements to buildings	5,749	6,890
	<u>1,423,875</u>	<u>1,437,687</u>

### 9 Investments

	Unlisted investments
	£
<b>Cost:</b>	
At 1 January 2011 and 31 December 2011	<u>75</u>

The company's investment, at the balance sheet date, includes the following

**Termhope Trading Limited**  
Registered in England and Wales  
Nature of business Dormant

Class of shares Ordinary  
Holding 75%

	2011	2010
	£	£
Aggregate capital and reserves	100	100
Profit for the year	-	-

**TERMHOPE LIMITED**

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

**10 Stocks**

	2011	2010
	£	£
Finished goods and goods for resale	<u>886,052</u>	<u>963,149</u>

**11 Debtors**

	2011	2010
	£	£
Trade debtors	526,103	836,491
Other debtors	44,374	102,414
Prepaid expenses and accrued income	35,839	33,775
	<u>606,316</u>	<u>972,680</u>

**12 Creditors: amounts falling due within one year**

	2011	2010
	£	£
Trade creditors	955,655	780,327
Other creditors	101,994	76,974
Corporation tax	232,799	173,164
Other tax and social security	31,067	25,713
Accruals and deferred income	16,802	16,450
	<u>1,338,317</u>	<u>1,072,628</u>

**13 Creditors: amounts falling due after more than one year**

	2011	2010
	£	£
Redeemable preference shares	<u>-</u>	<u>50,000</u>

In accordance with Financial Reporting Standard 25 the company's redeemable preference shares were classified as liabilities. The redeemable preference shares carried no right to vote at general meetings. The shares were only redeemable at par and there were no set dates on which they were required to be redeemed.

On 10 September 2011 the £50,000 preference shares were redeemed by the company for their nominal value.

**14 Called-up share capital**

	2011	2010
	£	£
Allotted, called up and fully paid		
Equity shares:		
Ordinary shares of £1 each	<u>442,225</u>	<u>442,225</u>

**TERMHOPE LIMITED**

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

**15 Reserves**

	Capital redemption reserve	Profit and loss account
	£	£
At 1 January 2011	15,625	1,963,979
Profit for the year	-	711,024
Dividends paid (note 16)	-	(250,000)
At 31 December 2011	<u>15,625</u>	<u>2,425,003</u>

**16 Dividends**

	2011	2010
	£	£
<b>On equity shares:</b>		
Interim dividend in respect of the year ended 31 December 2011 of 56 53p (2010 45 23p) per share	250,000	200,000
<b>On non-equity shares:</b>		
Redeemable preference shares dividend paid	-	80,000
	<u>250,000</u>	<u>280,000</u>

**17 Reconciliation of movement in shareholders' funds**

	2011	2010
	£	£
Profit for the year	711,024	471,188
Dividends	(250,000)	(280,000)
New shares issued during the year	-	250,000
Net addition to shareholders' funds	461,024	441,188
Shareholders' funds at 1 January 2011	2,421,829	1,980,641
Shareholders' funds at 31 December 2011	<u>2,882,853</u>	<u>2,421,829</u>

**18 Notes to the cash flow statement**

**a) Reconciliation of operating profit to net cash flow operating activities**

	2011	2010
	£	£
Operating profit	943,966	644,709
Depreciation charges	48,865	51,818
Profit on sale of fixed assets	(10,623)	(370)
Decrease/(increase) in stock	77,097	(400,697)
Decrease/(increase) in debtors	366,364	(27,160)
Increase/(decrease) in creditors	206,054	(12,570)
Net cash inflow from operating activities	<u>1,631,723</u>	<u>255,730</u>

**TERMHOPE LIMITED**

**Notes to the financial statements for the year ended 31 December 2011 (continued)**

**18 Notes to the cash flow statement (continued)**

**b) Analysis of change in net debt**

	Brought forward	Cash flows	Other changes	Carried forward
Cash at bank and in hand	114,870	1,092,203	-	1,207,073
Debt due after more than one year	(50,000)	50,000	-	-
	<u>64,870</u>	<u>1,142,203</u>	<u>-</u>	<u>1,207,073</u>

**c) Reconciliation of net cash flow to movement in debt**

	2011	2010
	£	£
Net increase/(decrease) in cash	1,092,203	(281,117)
Reduction in long term redeemable preference shares	50,000	-
Reduction in amounts due on hire purchase contracts	-	7,515
Changes in net funds/(debt)	<u>1,142,203</u>	<u>(273,602)</u>
Net funds at 1 January 2011	<u>64,870</u>	<u>338,472</u>
Net funds 31 December 2011	<u>1,207,073</u>	<u>64,870</u>

**19 Related parties**

The company was controlled throughout the current and previous period by two of the directors, Mr J P Wesson and Mrs J Wesson, by virtue of the fact that between them they own or have a beneficial interest in all the company's issued ordinary share capital

During the year the company paid dividends as follows

	2011	2010
	£	£
J P Wesson	125,146	100,117
Mrs J Wesson	124,854	99,883
Wesson Unapproved Pension Fund	-	80,000
	<u>250,000</u>	<u>280,000</u>