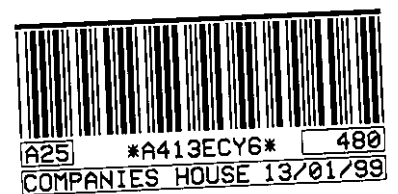


Company No. 339806

BIERRUM HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

30 APRIL 1998



**BIERRUM HOLDINGS LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**President**

**N. R. Bierrum, MA**

**Directors**

**A. M. Bierrum, MA FCA CEng MBCS  
W. J. Nye, BSc (Managing)  
B. Petersen, MSc CEng MICE  
D. J. Taylor, FCA (Chairman)**

**Secretary**

**P. C. Kendrew, BA FCIS FICM**

**Registered Office**

**Bierrum House, High Street, Houghton Regis, Bedfordshire**

## BIERRUM GROUP

### CHAIRMAN'S STATEMENT

#### TO ACCOMPANY THE ACCOUNTS FOR THE YEAR TO 30 APRIL 1998

My first report in February 1998 dealt with the considerable change that had taken place in the Group in the preceding 12 months.

This statement accompanies the accounts for the year which ended some two months after that report. Although further losses were incurred in the year, these were at a level significantly reduced from those incurred in 1997, and the accounts contain firm evidence that your company's recovery was well under way by April 1998.

The principal grounds for this view are that of the pre tax operating loss of £574,981, one half (£291,059) represented one-off re-organisation costs. Most of the remaining operating loss of £266,853 was incurred during the first quarter, before the corrective measures which the new management team were installed to make began to take effect. Nevertheless it is disappointing to report consolidated losses in excess of £500,000 and the consequent weakening of the Balance Sheet.

In my first report I referred to a commitment to deliver the last of the recovery plan objectives by returning to profit no later than the current financial year to 30 April 1999. I am pleased to be able to say that the Group appears to be well on target to meet that objective.

Several significant events took place in the year under review. The contract at Rugby Cement works was very well performed, and has recently been satisfactorily completed. This job is a major credit to the Group, as well as being a major element in the recovery plan, involving a most complex set of contract works delivered on time, to quality expectations and to budget.

Substantial efforts have been made throughout the year, and continue, to improve the external profile of the Bierrum business and to extend its marketing activities, particularly overseas. These initiatives, a key element of the Business Plan, are now beginning to bear fruit; construction works are well under way on a major chimney repair job in Turkey at Isdemir Steelworks; we have formed a joint venture Alliance in India where we expect to be active on chimney and cooling tower work within six months from now, and we have recently secured an order for a substantial 245m chimney for a power station in Queensland, Australia which we shall undertake in joint venture with McConnell Dowell. Alongside these encouraging developments, a consistently increasing number of enquiries continue to come in from various parts of the world, for work in our core sector.

At the beginning of 1998, the Group Headquarters moved successfully into its new and very different offices in Houghton Regis, and everyone is now very pleased to be in the new accommodation. Several in-house events have been held for site staff to visit HQ.

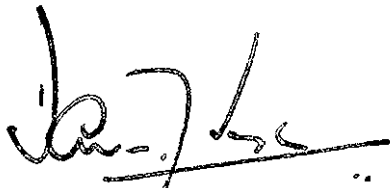
On the staff front, John Turner retires at the end of the year as Engineering Director, although he will continue to provide certain design services to the Group on a consultancy basis. Frank Dalton joins us from Alstom Plc on 1 February, to take up the position of Financial Controller/Financial Director designate, and will take over fully from Peter Kendrew when he retires in May. Bob Sutton has joined the Group as Business Development Manager, after a senior, distinguished career with Tarmac and Wimpey.

Being the first year of our carefully formulated recovery programme, this has been a tough, but interesting year. The Senior Management Team has worked extremely hard under the skilfully enthusiastic leadership of Bill Nye (Managing Director), and many lessons have been learned. Culture change is always difficult, especially in such a traditional business as this, but staff are responding energetically and enthusiastically to a number of changes in style and method.

Being the first year of our carefully formulated recovery programme, this has been a tough, but interesting year. The Senior Management Team has worked extremely hard under the skilfully enthusiastic leadership of Bill Nye (Managing Director), and many lessons have been learned. Culture change is always difficult, especially in such a traditional business as this, but staff are responding energetically and enthusiastically to a number of changes in style and method.

A major force in the recovery and future development of this business will be its people. We are being encouraged and motivated at all levels throughout the business by work being undertaken within the "Investors in People" programme, to which your Board and I are fully committed. We have signed up to deliver "improvement in business performance through the development of our people", are proud to have done so, and will be even prouder of the business when - not if- we achieve the IIP award in 2 - 3 year's time.

There is a renewed enthusiasm throughout the business, and a genuine belief in its future. There is much still to do; there is a first class team in place to do it now, and a determination to succeed. I look forward to referring in my next report to a profitable 1998/99, and strong prospects for delivery of our longer term Business Plan objectives.

A handwritten signature in black ink, appearing to read 'David Taylor', with a long horizontal flourish extending to the right.

David Taylor  
Chairman

Date: 8 December 1998

**BIERRUM HOLDINGS LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 APRIL 1998**

The Directors present their Report together with the Financial Statements for the year ended 30 April 1998.

Results and dividends

During the year, costs amounting to £291,059 were incurred in connection with the restructuring and reorganisation of the Group which followed the management changes referred to in the 1997 accounts. These costs are shown as Exceptional Charges in the Profit and loss account.

The group loss for the year after taxation and exceptional charges was £574,981.

In view of the amount of the loss for the year the Directors are unable to recommend the payment of a dividend.

Review of the business

The company is a holding company providing management, financial and administrative services to its three subsidiary companies, who are engaged in civil engineering and contracting, specialising in reinforced concrete and steeplejacking.

The year under review was a most important period in which the new management team commenced the rebuilding of the business after the extremely poor results of the previous five years.

The Bierrum and Partners Limited subsidiary substantially increased its turnover, although this did not begin to change until well into the first quarter. The business consequently incurred operating losses of approximately £250,000 in the first quarter but traded more or less at break even level across the remainder of the year before returning to profit in the fourth quarter.

The Bierrum Structural Services Limited subsidiary substantially reduced its level of activity but, on more focused and carefully managed activity has returned a small profit.

The Pendrich Steeplejacks Limited subsidiary in Scotland continued its development with a profit of £31,044 on its highest annual turnover to date.

The disposal of the Barwythe Hall headquarters building was completed early in April 1998, releasing much needed cash to restore satisfactory liquidity to the group's affairs. The head office management team have successfully moved to the Group's new administrative centre at Houghton Regis, Bedfordshire, where modern economical accommodation is leased.

**BIERRUM HOLDINGS LIMITED**  
**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 30 APRIL 1998**

The new management team are energetically pursuing the strategic development of the business laid out in the three year business plan which involves:-

1. energetic and committed pursuit of all opportunities in the group's core business within the UK;
2. pursuit of core business opportunities in carefully selected overseas power generation markets, via carefully executed strategic alliances;
3. by continuing development of new products and services.

Overall trading prospects for the Group look encouraging, with a number of new enquiries about to be converted to firm orders. At the date of this report, the Bierrum businesses had secured orders for work to be completed in the year ending 30 April 1999 to the value of £8.6 million, 95% of the budgeted turnover for the year.

The directors have assessed the risk that the group's business and operations will be adversely affected by what is colloquially known as the Year 2000 problem.

The directors have identified the following primary areas of risk and have assessed their effect in each area of the group's business:

- the group's own computer systems and any equipment controlled by any computer microcircuit;
- the group's products dependent on either software or any embedded microcircuit; and
- problems encountered by the group's customers, suppliers or service providers.

The directors have prepared and are implementing plans to replace or modify as appropriate the group's systems and equipment and where necessary to identify alternative suppliers and service providers to ensure that there is no significant disruption to the group's operations. The directors have also taken steps to monitor compliance with the plans and ensure that they are carried out in accordance with their programme. The resources necessary to implement the plans to make the group Year 2000 compliant have been provided for in the group's normal operating budgets. As this programme will be funded from within existing resources it is not possible to identify the associated costs with precision, however the directors estimate that in the year ended on 30<sup>th</sup> April 1998 the group has spent £3,000 on the programme, and expect to spend a further £10,000.

**Post balance sheet events**

Subsequent to the year end, the directors rationalised the means by which members of the group are financed by the holding company. The majority of funding has until now been arranged by way of inter company debt, much of which has now become fixed investment in nature. Recognising this fact, the following amounts of long term debt due to this company were converted to equity:-

- on 26<sup>th</sup> November 1998: £750,000 due from Bierrum and Partners Ltd  
£100,000 due from Bierrum Structural Services Ltd;
- on 5<sup>th</sup> December 1998: £500,000 due from Pendrich (Steeplejacks) Ltd.

**BIERRUM HOLDINGS LIMITED**  
**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 30 APRIL 1998**

Directors

The constitution of the Board during the year and their interests in the capital of the Company at both 30 April 1997 and 30 April 1998 (or date of retirement if earlier) were as follows:

	<u>Beneficial interest</u>				<u>As Trustees</u>			
	<u>Ord. Shares</u>		<u>'A' Ord. Shares</u>		<u>Ord. Shares</u>		<u>'A' Ord. Shares</u>	
	<u>of £1 each</u>	<u>of £1 each</u>	<u>of £1 each</u>	<u>of £1 each</u>	<u>of £1 each</u>	<u>of £1 each</u>	<u>of £1 each</u>	
	1998	1997	1998	1997	1998	1997	1998	1997
N R Bierrum (Retired 15 May 1997)	100	8 795	-	16 751	-	-	9 000	9 000
*A M Bierrum	8 895	8 895	22 450	22 450	-	-	-	-
*B Petersen	8 980	8 980	24 300	24 300	5 000	5 000	11 850	11 850
D P Shead (Retired 31 January 1998)	-	-	2 000	2 000	-	-	-	-
D J Taylor (Appointed 15 May 1997)	-	-	-	-	-	-	-	-
W J Nye (Appointed 1 September 1997)	-	-	-	-	-	-	-	-

\* indicates non-executive

Auditors

The group's auditors, Horwath Clark Whitehill, will retire and offer themselves for re-appointment at the Annual General Meeting.

By Order of the Board

  
P C KENDREW

Secretary

Bierrum House  
High Street  
Houghton Regis  
Bedfordshire

## BIERRUM HOLDINGS LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the year, and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

### AUDITORS' REPORT TO THE MEMBERS OF BIERRUM HOLDINGS LIMITED

We have audited the financial statements on pages 7 to 18 which have been prepared under the accounting policies set out on page 11.

#### Respective responsibilities of directors and auditors

As described above, the Company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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 circumstances of the Company and the Group, 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 of the state of affairs of the Company and the Group as at 30 April 1998 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Horwath Clark Whitehill*

HORWATH CLARK WHITEHILL

Chartered Accountants  
and Registered Auditors

10 December 1998

London



**BIERRUM HOLDINGS LIMITED**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 APRIL 1998**

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
Turnover	2	8,449,712	8,069,243
Cost of sales		7,253,323	7,425,262
<b>Gross profit</b>		<u>1,196,389</u>	<u>643,981</u>
Administrative Expenses		1,463,242	1,769,210
		(266,853)	(1,125,229)
Other operating income		-	110,026
<b>Operating (Loss)</b>	3	<u>(266,853)</u>	<u>(1,015,203)</u>
Restructuring and moving costs	22	(291,059)	-
(Loss) on ordinary activities before tax and interest		<u>(557,912)</u>	
Interest receivable		10,718	2,179
Interest payable	6	(27,787)	(54,220)
<b>(Loss) before taxation</b>		<u>(574,981)</u>	<u>(1,067,244)</u>
Taxation	7	-	-
<b>(Loss) on ordinary activities after taxation</b>	8	<u>(574,981)</u>	<u>(1,067,244)</u>
<b>Retained (loss) for the year</b>		<u>(574,981)</u>	<u>(1,067,244)</u>
Retained profit brought forward		381,583	290,597
Transfer from general reserve		-	1,100,000
Transfer from revaluation reserve		1,293,173	58,230
Retained (loss) carried forward		<u>1,099,775</u>	<u>381,583</u>

**STATEMENT OF RECOGNISED GAINS AND LOSSES**

(Loss) for the year		(574,981)	(1,067,244)
Revaluation (loss) on investment properties	20	-	(160,591)
Revaluation gain on freehold properties	20	44,652	139,309
<b>Total (loss) for the year</b>		<u>(530,329)</u>	<u>(1,088,526)</u>

The notes on pages 11 to 18 form an integral part of these Financial Statements.



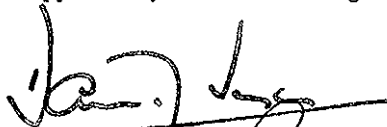

**BIERRUM HOLDINGS LIMITED**

**BALANCE SHEET**

**30 APRIL 1998**

	<u>Notes</u>	<u>£</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
<b>Assets employed:</b>				
<b>Fixed Assets</b>				
Tangible Assets	11		385,217	<u>346,365</u>
<b>Current assets</b>				
Properties for sale	14	-		1,663,409
Debtors	16	1,035,185		908,587
Cash		262,667		-
		<u>1,297,852</u>		<u>2,571,996</u>
<b>Creditors:</b>				
Amounts falling due within one year	17	188,686		<u>935,616</u>
<b>Net current assets</b>			<u>1,109,166</u>	<u>1,636,380</u>
<b>Net assets</b>			<u>1,494,383</u>	<u>1,982,745</u>
 <b>Financed by:</b>				
<b>Capital and reserves</b>				
Called up share capital	9		243,000	243,000
Revaluation reserve	20		111,883	1,360,404
Profit and Loss account	20		1,139,500	379,341
<b>Shareholders' funds</b>			<u>1,494,383</u>	<u>1,982,745</u>

Approved by the board and signed on its behalf on 10 December 1998:

 D J TAYLOR )  
 )  
 ) DIRECTORS  
 W J NYE )

The attached notes on pages 11 to 18 form an integral part of these Financial Statements

**BIERRUM HOLDINGS LIMITED**  
**GROUP CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 APRIL 1998**

	<u>Note</u>	<u>1998</u> £	<u>1997</u> £
Net cash (outflow)/inflow from operating activities	10	(330,272)	<u>501,785</u>
<b>Returns on investments and servicing of finance</b>			
Interest received	10,718		2,179
Interest paid	<u>(27,787)</u>		<u>(54,220)</u>
		(17,069)	<u>(52,041)</u>
Taxation		-	<u>(6,075)</u>
<b>Capital expenditure</b>			
(Payments) to acquire tangible fixed assets	(89,917)		(78,824)
Receipts from sales of tangible fixed assets	64,617		36,696
Receipts from sale of properties	<u>1,663,409</u>		<u>-</u>
		1,638,109	<u>(42,128)</u>
		<u>1,290,768</u>	<u>401,541</u>
Dividends paid		-	(24,300)
Increase in cash	13	<u>1,290,768</u>	<u>377,241</u>

The attached notes on pages 11 to 18 form an integral part of these Financial Statements.

## BIERRUM HOLDINGS LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### 1. ACCOUNTING POLICIES

(a) Basis of Accounting

These Financial Statements have been drawn up under the historical cost convention, as modified by the revaluation of certain assets and in accordance with applicable accounting standards. The Financial Statements include those of the company and its three operating subsidiaries, Bierrum and Partners Limited, Bierrum Structural Services Limited, and Pendrich (Steeplejacks) Limited.

(b) Tangible fixed assets

Tangible fixed assets other than land are depreciated over their estimated useful lives by annual instalments at the following rates:

Freehold buildings:	2% on cost or valuation
Plant, equipment & vehicles:	10% - 33.3% on reducing value basis
Computer & office equipment:	20% on original cost.

(c) Long term contracts

All contracts of are accounted for under the provisions of SSAP 9. Provisions are made for foreseeable losses.

The sales value of long term contracts in progress less amounts received on account are included in debtors, and progress payments received in excess of contract value are included in creditors.

(d) Stock and Work in Progress

Work in progress is valued at the lower of cost and net realisable value. Cost includes labour, materials and applicable overheads. Stock and tackle are written off over their estimated useful lives.

(e) Research and development

Expenditure on research and development is written off as incurred.

(f) Deferred taxation

Provision is made for taxation deferred as a result of timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that liabilities or assets will crystallise.

(g) Pension costs

Costs of providing pensions for employees are charged to the profit and loss account on a basis that spreads the expected costs over the employees' working lives with the group.

(h) Equipment leasing

Rentals under operating leases are charged on an actual basis. Finance leases are recorded as both assets and liabilities initially at the fair asset value.

#### 2. TURNOVER

Turnover comprises value of work carried out in the year and adjustments for claim settlements together with amounts invoiced on certain short term contracts.

**BIERRUM HOLDINGS LIMITED****NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)****3. OPERATING (LOSS)**

is stated after charging:	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
(a) <b>Cost of sales</b>		
Directors remuneration	-	7,428
(Profit) on sale of fixed assets	(11,818)	(1,928)
Depreciation	92,869	136,662
Hire of plant and machinery	478,048	527,425
	<u>478,048</u>	<u>527,425</u>
(b) <b>Administrative expenses</b>		
Auditors remuneration for current year	24,000	24,500
Depreciation	36,049	5,146
Rental of accommodation	4,014	-
(Profit)/loss on sale of fixed assets	(1,740)	6,989
Directors remuneration	249,929	243,360
	<u>249,929</u>	<u>243,360</u>
(c) <b>and after crediting:</b>		
Rental income	8,472	110,026
	<u>8,472</u>	<u>110,026</u>

**4. DIRECTORS AND STAFF COSTS**

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
<b>Directors remuneration in respect of:</b>		
Qualifying services	215,890	250,788
Excess retirement benefits	31,987	-
Compensation for loss of executive office	76,515	-
	<u>76,515</u>	<u>-</u>
<b>Number of Directors:</b>	<u>No.</u>	<u>No.</u>
to whom pension benefits are accruing under defined benefit schemes	2	3
	<u>£</u>	<u>£</u>
<b>Highest-paid Director:</b>		
Emoluments	88,000	74,294
Amount of accrued pension at 30 April 1998	-	35,437
	<u>-</u>	<u>35,437</u>

**BIERRUM HOLDINGS LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**

Staff costs (including Directors):

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Wages and salaries	2,856,739	3,001,368
Social security costs	249,227	273,342
Other pension costs	34,257	95,552
Other costs	52,083	130,901
	<u>3,192,306</u>	<u>3,501,163</u>

The average number of employees during the year was:

	<u>No.</u>	<u>No.</u>
Management, office and selling	42	43
Contracting sites	81	101
	<u>123</u>	<u>144</u>

5. **PENSION COSTS**

The Trustees of the Bierrum Group Pension Scheme operate a defined benefit scheme funded by contributions from the Group and employees. The adequacy of the funds to meet the arranged benefits is assessed by three year valuations carried out by independent qualified actuaries. The aim is for the benefits to be fully funded during the scheme members' working lives. The most recent of these valuations was at 1 March 1996 using the Projected Unit Method and showed the scheme to be able to meet its liabilities. The market value of the scheme's assets at that date was £ 2,979,000 and the actuarial valuation of these assets represented 129% of the benefits that had accrued to the members allowing for future increases in salaries. The most significant assumptions made by the Actuaries were an investment return of 9% and projected salary increases of 8%. Since the date of the valuation the surplus arising has been allocated or paid to meet additional benefits for members and pensioners. During the year under review and with the agreement of the Actuary the Company paid no contribution to the scheme.

6. **INTEREST PAYABLE**

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Payable on bank overdraft	20,798	54,220
Payable on other financing	6,989	-
	<u>27,787</u>	<u>54,220</u>

**BIERRUM HOLDINGS LIMITED****NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)****7. TAXATION**

The Group has tax losses of £ 1,642,000 (1997: £1,181,000) available to set off against future trading profits.

**8. (LOSS) AFTER TAXATION**

	<u>1998</u>	<u>1997</u>
	£	£
Dealt with in the accounts of Bierrum Holdings Limited	(533,014)	(930,243)
Dealt with in the accounts of subsidiaries	<u>(41,967)</u>	<u>(137,001)</u>
	<u>(574,981)</u>	<u>1,067,244)</u>

**9. SHARE CAPITAL**

	<u>1998</u>	<u>1998</u>	<u>1997</u>	<u>1997</u>
	<u>Authorised</u>	<u>Issued and</u>	<u>Authorised</u>	<u>Issued and</u>
		<u>fully paid</u>		<u>fully paid</u>
Ordinary shares of £1 each	56,500	54,000	56,500	54,000
A <sup>1</sup> Ordinary shares of £1 each	193,500	189,000	193,500	189,000
	<u>250,000</u>	<u>243,000</u>	<u>250,000</u>	<u>243,000</u>

**10. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	<u>1998</u>	<u>1997</u>
	£	£
Operating (loss)	(266,853)	(1,015,203)
Exceptional costs	(291,059)	-
Depreciation charges	128,918	141,808
(Profit)/Loss on sale of tangible fixed assets	(13,569)	5,061
(Increase)/Decrease in stocks	(78,796)	113,684
Decrease in debtors	346,223	196,940
(Decrease)/increase in creditors	(155,136)	1,059,495
Net cash (outflow)/inflow from operating activities	<u>(330,272)</u>	<u>501,785</u>



**BIERRUM HOLDINGS LIMITED****NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**

11. <u>Tangible Fixed Assets</u>	Freehold properties	Plant equipment & vehicles	Total
<b>The Company</b>	£	£	£
Cost or valuation at 1 May 1997	325,000	42,985	367,985
Additions	-	25,211	25,211
Revaluation	40,000	-	40,000
	<u>365,000</u>	<u>68,196</u>	<u>433,196</u>
Cost of disposals	-	42,985	42,985
At 30 April 1998	<u>365,000</u>	<u>25,211</u>	<u>390,211</u>
Depreciation at 1 May 1997	2,926	18,694	21,620
Amount provided for year	2,926	3,794	6,720
	<u>5,852</u>	<u>22,488</u>	<u>28,340</u>
Eliminated on disposals	-	18,694	18,694
Transferred to revaluation reserve	4,652	-	4,652
At 30 April 1998	<u>1,200</u>	<u>3,794</u>	<u>4,994</u>
Net Book Values at 30 April 1997	<u>322,074</u>	<u>24,291</u>	<u>346,365</u>
Net Book Values at 30 April 1998	<u>363,800</u>	<u>21,417</u>	<u>385,217</u>
<b>The Group</b>			
Cost or valuation at 1 May 1997	325,000	2,202,670	2,527,670
Additions	-	89,917	89,917
Revaluation	40,000	-	40,000
	<u>365,000</u>	<u>2,292,587</u>	<u>2,657,587</u>
Cost of disposals	-	152,252	152,252
At 30 April 1998	<u>365,000</u>	<u>2,140,335</u>	<u>2,505,335</u>
Depreciation at 1 May 1997	2,926	1,771,718	1,774,644
Amount provided for year	2,926	125,992	128,918
	<u>5,852</u>	<u>1,897,710</u>	<u>1,903,562</u>
Eliminated on disposals	-	101,205	101,205
Transferred to revaluation reserve	4,652	-	4,652
At 30 April 1998	<u>1,200</u>	<u>1,796,505</u>	<u>1,797,705</u>
Net Book Values at 30 April 1997	<u>322,074</u>	<u>430,952</u>	<u>753,026</u>
Net Book Values at 30 April 1998	<u>363,800</u>	<u>343,830</u>	<u>707,630</u>

One freehold properties were valued at September 1996 on the basis of Open Market Value as defined in the Royal Institution of Chartered Surveyors, Appraisal and Valuation Manual, at the sum of £40,000. The valuation was prepared by Messrs Lambert Smith Hampton, Chartered Surveyors of Stuart Street, Luton who acted as independent valuers. The other was valued at April 1998 on a similar basis at the sum of £325,000 Messrs Lambert Smith Hampton who acted as independent valuers. The original cost of the properties was £257,769 and accumulated depreciation based on cost was £27,451 (1997: £24,535).

**BIERRUM HOLDINGS LIMITED****NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)****12. LEASE COMMITMENTS**

At 30 April 1998 the Company had the following annual commitments for leases expiring within:

	<u>Land and buildings</u>		<u>Other non-cancellable operating leases</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
1 year	-	-	20,243	20,892
2 - 5 years	42,500	-	31,598	51,666
	<u>42,500</u>	<u>-</u>	<u>51,841</u>	<u>72,558</u>

**13. ANALYSIS OF CHANGES IN GROUP NET DEBT**

	<u>At 1 May 1997</u>	<u>Cash flows</u>	<u>At 30 April 1998</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Cash	563,070	171,935	735,005
Bank overdraft	(1,118,833)	1,118,833	-
	<u>(555,763)</u>	<u>1,290,768</u>	<u>735,005</u>

**14. PROPERTIES FOR SALE**

Properties for sale in 1997 comprised the freehold properties 167 Imperial Drive, Harrow and Barwythe Hall, Studham. The net realisable value of these properties was £1,663,409 and the original cost was £431,889.

**15. STOCK AND WORK IN PROGRESS**

	<u>The Group</u>	
	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Long term contract balances	52,117	538
Stock and tackle	225,775	198,558
	<u>277,892</u>	<u>199,096</u>

**16. DEBTORS**

	<u>The Group</u>		<u>The Company</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Trade debtors	510,462	1,395,584	18,811	6,791
Retentions	362,617	212,881	-	-
Amounts recoverable on contracts	406,939	271,251	-	-
Amount due from Subsidiary Companies	-	-	993,205	900,985
Other debtors	253,834	6,970	23,169	811
Prepayments	6,611	-	-	-
	<u>1,540,463</u>	<u>1,886,686</u>	<u>1,035,185</u>	<u>908,587</u>

Included in amounts due from subsidiaries is £1,350,000 (1997: nil) due in more than one year. The figure shown is net of provisions amounting to £1,102,182 (1997: £861,048).

**BIERRUM HOLDINGS LIMITED****NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**

17. <u>CREDITORS</u>	<u>The Group</u>		<u>The Company</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank overdraft	-	555,763	-	507,973
Trade Creditors	1,387,445	1,012,542	-	13,886
Payments on account	10,145	344,616	-	-
Amounts due to Group Companies	-	-	-	2,250
Corporation Tax	-	-	-	-
Other taxes and social security	132,710	302,133	131,100	300,823
Hire purchase	24,283	-	-	-
Other creditors	43,424	56,125	13,586	4,821
Accruals	208,325	246,052	44,000	105,863
	<u>1,806,332</u>	<u>2,517,231</u>	<u>188,686</u>	<u>935,616</u>

The bank overdraft is secured on the assets of the Company by a fixed charge on certain properties and a debenture secured on all the assets of the Group.

19. INVESTMENT IN SUBSIDIARIES

The Company owns the whole of the issued share capital of Bierrum & Partners Limited, Bierrum Structural Services Limited and of Bierrum Overseas Limited incorporated in the Republic of Ireland. The Company owns 79% of the issued share capital of Pendrich (Steeplejacks) Limited. The cost of these investments were:

	<u>£</u>
Bierrum and Partners Limited	250,000
Bierrum Structural Services Limited	20,000
Pendrich (Steeplejacks) Limited	7,900
	<u>277,900</u>
Less: amounts written off in the previous year	<u>277,900</u>
Balance at 30 April 1998	<u>-</u>

**BIERRUM HOLDINGS LIMITED**

**NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**

20. **MOVEMENTS IN RESERVES**

	Profit and Loss Account £	Revaluation Reserve £
<b>The Group</b>		
Balance at 1 May 1997	381,583	1,360,404
(Loss) for the year	(574,981)	-
Gain on revaluation	-	44,652
Transfer from Revaluation Reserve	1,293,173	(1,293,173)
Balance at 30 April 1998	<u>1,099,775</u>	<u>111,883</u>
<b>The Company</b>		
Balance at 1 May 1997	379,341	1,360,404
(Loss) for the year	(533,014)	-
Gain on revaluation	-	44,652
Transfer from Revaluation Reserve	1,293,173	(1,293,173)
Balance at 30 April 1998	<u>1,139,500</u>	<u>111,883</u>

21. **CONTINGENT LIABILITIES**

At the date of the balance sheet the Holding Company has given indemnities for contracts by subsidiary companies. It is not anticipated that any liabilities will crystallise. The Company has also guaranteed bank overdrafts of its subsidiaries.

22. **EXCEPTIONAL EXPENDITURE**

During the year the Group undertook a fundamental restructuring exercise which also involved relocation of offices. The costs arising from this exercise amounted to £291,059.