

BIERRUM HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

30 APRIL 1994



REPORT AND FINANCIAL STATEMENTS

Directors

**N. R. Bierrum, MA (Chairman)
A. M. Bierrum, MA FCA CEng MBCS
J. A. Harrison, CEng FICE
B. Petersen, MSc CEng MICE
D. P. Shead**

Secretary

P. C. Kendrew, BA FCIS FICM MIIRSM

Registered Office

Barwythe Hall, Studham, Bedfordshire

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 1994

The Directors present their Report together with the Financial Statements for the year ended 30 April 1994.

Results and Dividends

The group loss for the year after taxation was £209,039.

The Directors propose a dividend of 10% on Ordinary and 'A' Ordinary Shares amounting to £24,300 which together with £12,150 additional dividend paid in the previous year, leaves a balance of £245,488 to be transferred from reserves.

Review of the business

The group is engaged in civil engineering and contracting, specialising in reinforced concrete.

The harsh business climate of the past few years is at last ameliorating and we look forward to the future with confidence. We have emerged from the worst recession our industry has seen with our core skills intact, and have used the bad times to modernise and streamline our operations. We have retained our market share and look to improve it. The results from the Pendrich (Steeplejack) operations were disappointing both in volume and margin and contributed in large measure to the reported group loss.

Directors

The constitution of the Board during the year and their interests in the capital of the Company at both 30 April 1993 and 30 April 1994 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>	
	1994	1993	1994	1993	1994	1993	1994	1993
NR Bierrum	8 795	8 795	16 751	16 751	-	-	9 000	9 000
A M Bierrum	8 895	8 895	22 450	22 450	-	-	-	-
J A Harrison	-	-	500	500	-	-	-	-
B Petersen	8 980	8 980	24 300	24 300	5 000	5 000	11 850	11 850
D P Shead	-	-	2 000	2 000	-	-	-	-

Tangible Fixed Assets

Movements are shown in Note 12.

In the opinion of the Directors the current value of the properties is not in total materially different from valuations carried out in previous years.

Auditors

The Auditors, Clark Whitehill, will retire and offer themselves for re-appointment at the Annual General Meeting.

By Order of the Board


P C KENDREW

Secretary

Barwythe Hall
Studham
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 5 to 15 which have been prepared under the accounting policies set out on page 9.

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.

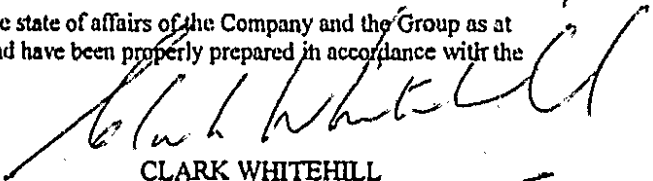
Basis of opinion

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 1994 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


CLARK WHITEHILL

Chartered Accountants
and Registered Auditor

London
18 October 1994

BIERRUM HOLDINGS LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1994

	Notes	1994 £	1993 £
Turnover	2	5,805,300	5,681,838
Cost of sales		4,491,029	5,185,517
		<u>1,314,271</u>	<u>496,321</u>
Research and Development		55,582	51,030
Gross profit		<u>1,258,689</u>	<u>445,291</u>
Administrative Expenses		1,617,428	1,692,957
		<u>(358,739)</u>	<u>(1,247,666)</u>
Other operating income		110,013	111,041
Operating (Loss)	3	<u>(248,726)</u>	<u>(1,136,625)</u>
Interest receivable		8,013	72,791
Interest payable	6	(9,793)	(2,160)
(Loss) on ordinary activities before taxation		<u>(250,506)</u>	<u>(1,065,994)</u>
Taxation	7	(41,467)	(331,537)
(Loss) on ordinary activities after taxation	8	<u>(209,039)</u>	<u>(734,457)</u>
Minority interest		-	-
Group (loss) on ordinary activities after taxation		<u>(209,039)</u>	<u>(734,457)</u>
Dividends	9	36,450	12,150
Retained (loss) for the year		<u>(245,489)</u>	<u>(746,607)</u>
Retained profit brought forward		644,363	1,390,970
Transferred from General Reserve		77,000	-
Retained profit carried forward		<u>475,874</u>	<u>644,363</u>

The profit and loss account contains all the gains and losses recognised in the year and the loss for the year withdrawn from reserves is the only movement in shareholders' funds.

The notes on pages 9 to 15 form an integral part of these Financial Statements.

BIERRUM HOLDINGS LIMITED

GROUP BALANCE SHEET

30 APRIL 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
Assets employed:			
Fixed Assets			
Tangible Assets	12	1,597,045	1,740,316
Investment property	13	1,000,000	1,150,000
		<u>2,597,045</u>	<u>2,890,316</u>
Current Assets			
Stock and work in progress	15	157,822	276,489
Debtors	16	1,144,114	1,447,592
Cash		214,788	584,553
		<u>1,516,724</u>	<u>2,308,634</u>
Creditors:			
Amounts falling due within one year	17	656,225	1,355,255
Net current assets		<u>860,499</u>	<u>953,379</u>
Total assets less current liabilities		<u>3,457,544</u>	<u>3,843,695</u>
Provision for liabilities and charges	18	48,754	49,229
Net Assets		<u>3,408,790</u>	<u>3,794,466</u>
Financed by:			
Capital and reserves			
Called up share capital	19	243,000	243,000
General reserve		1,100,000	1,177,000
Asset revaluation reserve		1,589,916	1,739,916
Profit and loss account		475,874	644,363
Shareholders' funds		<u>3,408,790</u>	<u>3,804,279</u>

Approved by the board and signed on its behalf on 17 October 1994:


N R BIERRUM


A M BIERRUM

)
DIRECTORS

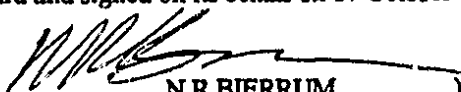

The attached notes on pages 9 to 15 form an integral part of these Financial Statements.

BALANCE SHEET

30 APRIL 1994

	<u>Notes</u>		<u>1994</u>	<u>1993</u>
		£	£	£
Assets employed:				
Fixed Assets				
Tangible Assets	12		1,199,550	1,217,776
Investment property	13		1,000,000	1,150,000
Investment in subsidiaries	14		277,900	277,900
			<u>2,477,450</u>	<u>2,645,676</u>
Current assets				
Debtors	16	1,601,211		1,876,683
Cash		140,036		523,832
		<u>1,741,247</u>		<u>2,400,515</u>
Creditors:				
Amounts falling due within one year	17	1,204,671		1,654,062
Net current assets			<u>536,576</u>	<u>746,453</u>
Total assets less current liabilities			<u>3,014,026</u>	<u>3,392,129</u>
Provision for liabilities and charges	18		41,540	36,429
Net assets			<u>2,972,486</u>	<u>3,355,700</u>
Financed by:				
Capital and reserves				
Called up share capital	19		243,000	243,000
General reserve			1,100,000	1,177,000
Asset revaluation reserve			1,589,916	1,739,916
Profit and Loss account			39,570	195,784
Shareholders' funds			<u>2,972,486</u>	<u>3,355,700</u>

Approved by the board and signed on its behalf on 17 October 1994:


N R BIERRUM)

M BIERRUM)

DIRECTORS

The attached notes on pages 9 to 15 form an integral part of these Financial Statements

BIERRUM HOLDINGS LIMITED**GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 1994**

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
Net cash (outflow) from operating activities	10	(500,352)	<u>(225,240)</u>
Returns on investment and servicing of finance			
Interest received		8,013	71,096
Interest paid		(9,793)	(2,160)
Dividends paid		<u>(24,300)</u>	<u>(48,600)</u>
Net cash (outflow)/inflow from returns on investment and servicing of finance		(26,080)	<u>20,336</u>
Taxation			
UK Corporation tax repaid/(paid)		141,637	(224,710)
Overseas tax paid		<u>(1,200)</u>	-
Tax (paid)/reclaimed		140,437	<u>(224,710)</u>
Investing activities:			
Purchase of tangible fixed assets		(43,011)	(130,958)
Sale of tangible fixed assets		<u>8,888</u>	<u>12,203</u>
Net cash outflow from investing activities		(34,123)	<u>(118,755)</u>
Net cash (outflow)	11	<u>(420,118)</u>	<u>(548,369)</u>

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 freehold properties and the investment property 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) Investment property

The investment property is valued annually on the basis of open market value by Mr A M Bierrum, a Director of the Company.

(d) Long term contracts

All the contracts of Bierrum and Partners Limited and Bierrum Structural Services Limited are accounted for under the provisions of SSAP 9 as long term contracts irrespective of the length of the contract.

The sales value of 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.

Profit is attributed to contracts on a prudent basis when it is considered that the outcome can be assessed with reasonable certainty. Provisions are made for foreseeable losses.

(e) 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.

(f) Research and development

Expenditure on research and development is written off as incurred.

(g) 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.

(h) 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.

2. TURNOVER

Turnover comprises value of work carried out in the year and adjustments for claim settlements.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

3. OPERATING LOSS

is stated after charging:	<u>1994</u>	<u>1993</u>
	£	£
(a) Cost of sales		
Directors remuneration	9,708	17,353
Loss (profit) on sale of fixed assets	1,922	1,445
Depreciation	97,315	119,854
Hire of plant and machinery	<u>269,553</u>	<u>254,276</u>
(b) Research and development		
Directors remuneration	<u>42,780</u>	<u>49,228</u>
(c) Administrative expenses		
Auditors remuneration for current year	33,000	33,000
Depreciation	80,078	85,670
Loss on sale of fixed assets		3,757
Directors remuneration	<u>176,365</u>	<u>176,001</u>
(d) and after crediting		
Rental income	<u>110,012</u>	<u>111,041</u>

4. DIRECTORS AND STAFF COSTS

Directors remuneration

	1994	1993
	£	£
Fees	3,000	3,000
Other emoluments	<u>217,541</u>	<u>260,566</u>
	<u>220,541</u>	<u>263,566</u>

Emoluments, excluding pension scheme contributions

Chairman and highest paid director	<u>59,996</u>	<u>70,048</u>
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NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

Directors remuneration fell into the following bands:

	<u>1994</u>	<u>1993</u>
	No.	No.
Up to £5,000	1	1
From £45,001 to £50,000	3	-
From £50,001 to £55,000	-	2
From £55,001 to £60,000	1	-
From £60,001 to £65,000	-	1
From £70,001 to £75,000	-	1

Staff costs (including Directors)

	£	£
Wages and salaries	1,985,501	2,483,434
Social security costs	194,846	223,302
Other pension costs	99,356	125,060
Other costs	32,925	41,956
	<u>2,312,628</u>	<u>2,873,752</u>

The average number of employees during the year was:

	<u>No.</u>	<u>No.</u>
Management, office and selling	49	56
Contracting sites	67	75
	<u>116</u>	<u>131</u>

5. PENSION COSTS

The Trustees of the Bierrum and Partners 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 1993 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 £ 2,381,000 and the actuarial valuation of these assets represented 155% 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%. It is intended that the surplus arising will be used to fund additional benefits for members and pensioners.

6. INTEREST PAYABLE

	<u>1994</u>	<u>1993</u>
	£	£
Payable on Bank overdraft	9,793	1,464
Payable on overdue tax	-	696
	<u>9,793</u>	<u>2,160</u>

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)7. TAXATION

	<u>1994</u>	<u>1993</u>
	£	£
Based on the results of the year:		
Corporation Tax - 25% (1993 - 33%)	(41,459)	(297,871)
Deferred Tax - 33% (1993 - 33%)	9,127	(32,744)
Adjustment for previous years	(9,135)	(922)
	<u>(41,467)</u>	<u>(331,537)</u>

8. LOSS AFTER TAXATION

Dealt with in the accounts of Bierrum Holdings Limited	(73,113)	116,523
Dealt with in the accounts of subsidiaries	(135,926)	(850,980)
	<u>(209,039)</u>	<u>(734,457)</u>

9. DIVIDENDS

Dividends on ordinary and 'A' Ordinary shares:

Additional dividend of 5% for 1993 paid	12,150	-
Final dividend of 10% (1993 - 5%) proposed	24,300	12,150
	<u>36,450</u>	<u>12,150</u>

10. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

Operating (loss)	(248,726)	(1,136,625)
Depreciation	177,393	205,524
Loss on sale of tangible fixed assets	1,922	8,434
Decrease/(increase) in stocks	118,667	(9,549)
Decrease in debtors	218,000	759,192
Increase in creditors	(767,608)	(52,216)
Net cash (outflow) from operating activities	<u>(500,352)</u>	<u>(225,240)</u>

11. CASH AND CASH EQUIVALENTS

Balance at 30 April 1992	1,132,922
Net cash (outflow) for 1992/93	(548,369)
Balance at 30 April 1993	584,553
Net cash (outflow) for 1993/94	(420,118)
Balance at 30 April 1994	<u>164,435</u>
Cash at Bank	214,788
Less: Bank overdraft	50,353
	<u>164,435</u>

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

12. <u>Tangible Fixed Assets</u>	Freehold properties	Plant equipment & vehicles	Total
The Company	£	£	£
Cost or valuation at 1 May 1993	1,221,344	76,207	1,297,551
Additions	-	-	-
	<u>1,221,344</u>	<u>76,207</u>	<u>1,297,551</u>
Cost of disposals	-	-	-
At 30 April 1994	<u>1,221,344</u>	<u>76,207</u>	<u>1,297,551</u>
Depreciation at 1 May 1993	37,477	42,298	79,775
Amount provided for year	8,059	10,167	18,226
	<u>45,536</u>	<u>52,465</u>	<u>98,001</u>
Eliminated on disposals	-	-	-
At 30 April 1994	<u>45,536</u>	<u>52,465</u>	<u>98,001</u>
Net Book Values at 30 April 1993	<u>1,183,867</u>	<u>33,909</u>	<u>1,217,776</u>
Net Book Values at 30 April 1994	<u>1,175,808</u>	<u>23,742</u>	<u>1,199,550</u>
The Group			
Cost or valuation at 1 May 1993	1,221,344	2,321,852	3,543,196
Additions	-	43,011	43,011
	<u>1,221,344</u>	<u>2,364,863</u>	<u>3,586,207</u>
Cost of disposals	-	182,721	182,721
At 30 April 1994	<u>1,221,344</u>	<u>2,182,142</u>	<u>3,403,486</u>
Depreciation at 1 May 1993	37,477	1,765,403	1,802,880
Amount provided for year	8,059	169,334	177,393
	<u>45,536</u>	<u>1,934,737</u>	<u>1,980,273</u>
Eliminated on disposals	-	173,832	173,832
At 30 April 1994	<u>45,536</u>	<u>1,760,905</u>	<u>1,806,441</u>
Net Book Values at 30 April 1993	<u>1,183,867</u>	<u>556,449</u>	<u>1,740,316</u>
Net Book Values at 30 April 1994	<u>1,175,808</u>	<u>421,237</u>	<u>1,597,045</u>

One freehold property was included at cost of £80,000. All other freehold properties are included at valuations carried out in 1988. The original cost of these properties was £490,812 and the depreciation on cost would have been £4,417.

13. INVESTMENT PROPERTY

The freehold property, 167 Imperial Drive, Harrow is let on a 25 year lease from 1 July 1979 with five year rent reviews, the next review being on 1 July 1999. The cost of the property was £97,502.

BIERRUM HOLDINGS LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)****14. INVESTMENT IN SUBSIDIARIES**

The Company owns the whole of the issued share capital of Bierrum & Partners Limited, Bierrum Structural Services Limited, both incorporated in England and Wales and of Bierrum Overseas Limited incorporated in the Republic of Ireland. The Company owns 79% of the issued share capital of Pendrich (Steeplejacks) Limited incorporated in England and Wales.

15. STOCK AND WORK IN PROGRESS

	<u>The Group</u>	
	<u>1994</u> £	<u>1993</u> £
Work in progress	12,316	38,007
Stock and tackle	145,506	238,482
	<u>157,822</u>	<u>276,489</u>

16. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	<u>1994</u> £	<u>1993</u> £	<u>1994</u> £	<u>1993</u> £
Trade debtors	567,599	788,337	-	-
Retentions	251,170	241,916	-	-
Amounts recoverable on contracts	203,985	156,265	-	-
Amount due from Subsidiary Companies	-	-	1,536,040	1,823,177
Corporation Tax	51,565	137,043	50,364	-
Other debtors	21,731	65,711	-	34,673
Prepayments	48,064	58,320	14,807	18,833
	<u>1,144,114</u>	<u>1,447,592</u>	<u>1,601,211</u>	<u>1,876,683</u>

17. CREDITORS

Bank overdraft (secured)	50,353	-	-	-
Trade Creditors	372,996	688,534	1,228	503
Payments on account	-	192,551	-	-
Amounts due to group companies	-	-	1,044,566	1,424,194
Corporation Tax	6,075	-	6,075	29,713
Other taxes and social security	101,592	174,129	101,543	129,933
Dividends	24,300	12,150	24,300	12,150
Other creditors	8,113	63,831	5,764	-
Accruals	92,796	224,060	21,195	57,569
	<u>656,225</u>	<u>1,355,255</u>	<u>1,204,671</u>	<u>1,654,062</u>

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

18. PROVISION FOR LIABILITIES AND CHARGES

	<u>The Group</u>		<u>The Company</u>	
	<u>1994</u> £	<u>1993</u> £	<u>1994</u> £	<u>1993</u> £
Deferred Tax				
Accelerated capital allowances	61,884	65,800	54,670	53,000
ACT recoverable	(13,130)	(3,527)	(13,130)	(3,527)
Pension scheme accrual	-	(13,044)	-	(13,044)
	<u>48,754</u>	<u>49,229</u>	<u>41,540</u>	<u>36,429</u>

19. SHARE CAPITAL

	<u>1994</u>	<u>1994</u>	<u>1993</u>	<u>1993</u>
	<u>Authorised</u>	<u>Issued and fully paid</u>	<u>Authorised</u>	<u>Issued and fully paid</u>
Ordinary shares of £1 each	56,500	54,000	56,500	54,000
A' 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>

20. 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 subsidiaries.