

BIERRUM HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

30 APRIL 1995



BIERRUM HOLDINGS LIMITED

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

BIERRUM HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 1995

The Directors present their Report together with the Financial Statements for the year ended 30 April 1995.

Results and Dividends

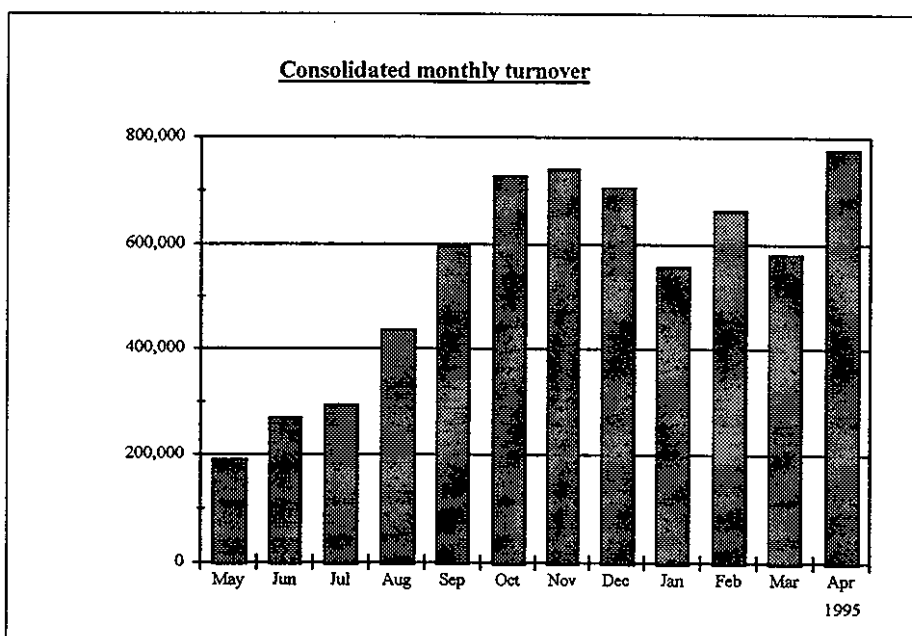
The group loss for the year after taxation was £200,380.

The Directors propose a dividend of 10% on Ordinary and 'A' Ordinary Shares amounting to £24,300, which leaves a deficit of £224,680 to be transferred from reserves.

Review of the business

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

The results reflect the poor level of turnover at the beginning of the year under review when the industry was recovering from the worst effects of recession. They also include a provision of £80,000 for an anticipated loss on a contract in progress at the year end. The monthly turnover in the year is shown in the graph below, and the rising trend has continued into the current year.



Directors

The constitution of the Board during the year and their interests in the capital of the Company at both 30 April 1994 and 30 April 1995 were as follows:

	<u>Beneficial interest</u>				<u>As Trustees</u>			
	<u>Ord. Shares of £1 each</u>		<u>'A' Ord. Shares of £1 each</u>		<u>Ord. Shares of £1 each</u>		<u>'A' Ord. Shares of £1 each</u>	
	1995	1994	1995	1994	1995	1994	1995	1994
N R 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

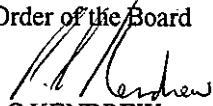
Movements are shown in Note 12.

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, which have been incorporated in the accounts.

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 6 to 16 which have been prepared under the accounting policies set out on page 10.

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.

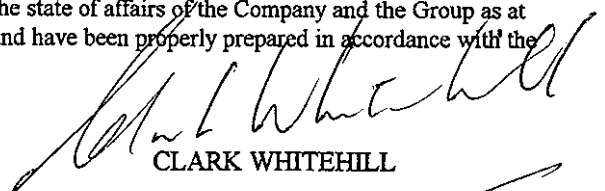
Basis of opinion

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 1995 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
15 November 1995

BIERRUM HOLDINGS LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
Turnover	2	6,734,541	5,805,300
Cost of sales		5,564,714	4,491,029
		<hr/> 1,169,827	<hr/> 1,314,271
Research and Development		24,630	55,582
Gross profit		<hr/> 1,145,197	<hr/> 1,258,689
Administrative Expenses		1,464,682	1,617,428
		<hr/> (319,485)	<hr/> (358,739)
Other operating income		110,013	110,013
Operating (Loss)	3	<hr/> (209,472)	<hr/> (248,726)
Interest receivable		6,202	8,013
Interest payable	6	(33,863)	(9,793)
(Loss) on ordinary activities before taxation		<hr/> (237,133)	<hr/> (250,506)
Taxation	7	(36,753)	(41,467)
(Loss) on ordinary activities after taxation	8	<hr/> (200,380)	<hr/> (209,039)
Dividends	9	24,300	36,450
Retained (loss) for the year		<hr/> (224,680)	<hr/> (245,489)
Retained profit brought forward		475,874	644,363
Transferred from General Reserve		-	77,000
Retained profit carried forward		<hr/> 251,194	<hr/> 475,874

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

The notes on pages 10 to 16 form an integral part of these Financial Statements.



BIERRUM HOLDINGS LIMITED

GROUP BALANCE SHEET

30 APRIL 1995

	<u>Notes</u>		<u>1995</u>	<u>1994</u>
		£	£	£
Assets employed:				
Fixed Assets				
Tangible Assets	12		1,590,836	1,597,045
Investment property	13		1,000,000	1,000,000
			<u>2,590,836</u>	<u>2,597,045</u>
Current Assets				
Stock and work in progress	15	356,745		157,822
Debtors	16	2,285,456		1,144,114
Cash		189,204		214,788
		<u>2,831,405</u>		<u>1,516,724</u>
Creditors:				
Amounts falling due within one year	17	2,238,131		656,225
Net current assets			<u>593,274</u>	<u>860,499</u>
Total assets less current liabilities			<u>3,184,110</u>	<u>3,457,544</u>
Provision for liabilities and charges	18		-	48,754
Net Assets			<u>3,184,110</u>	<u>3,408,790</u>
Financed by:				
Capital and reserves				
Called up share capital	19		243,000	243,000
General reserve			1,100,000	1,100,000
Asset revaluation reserve			1,589,916	1,589,916
Profit and loss account			251,194	475,874
Shareholders' funds			<u>3,184,110</u>	<u>3,408,790</u>

Approved by the board and signed on its behalf on 14 November 1995:

 N R BIERRUM)
 A M BIERRUM)
DIRECTORS

The attached notes on pages 10 to 16 form an integral part of these Financial Statements.



BIERRUM HOLDINGS LIMITED

BALANCE SHEET

30 APRIL 1995

	<u>Notes</u>		<u>1995</u>	<u>1994</u>
		£	£	£
Assets employed:				
Fixed Assets				
Tangible Assets	12		1,180,755	1,199,550
Investment property	13		1,000,000	1,000,000
Investment in subsidiaries	14		277,900	277,900
			<u>2,458,655</u>	<u>2,477,450</u>
Current assets				
Debtors	16	1,464,650		1,601,211
Cash		-		140,036
		<u>1,464,650</u>		<u>1,741,247</u>
Creditors:				
Amounts falling due within one year	17	981,596		1,204,671
Net current assets			<u>483,054</u>	<u>536,576</u>
Total assets less current liabilities			<u>2,941,709</u>	<u>3,014,026</u>
Provision for liabilities and charges	18		-	41,540
Net assets			<u>2,941,709</u>	<u>2,972,486</u>
Financed by:				
Capital and reserves				
Called up share capital	19		243,000	243,000
General reserve			1,100,000	1,100,000
Asset revaluation reserve			1,589,916	1,589,916
Profit and Loss account			8,793	39,570
Shareholders' funds			<u>2,941,709</u>	<u>2,972,486</u>

Approved by the board and signed on its behalf on 14 November 1995:

 N R BIERRUM)
 A M BIERRUM) DIRECTORS

The attached notes on pages 10 to 16 form an integral part of these Financial Statements

BIERRUM HOLDINGS LIMITED**GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 1995**

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
Net cash (outflow) from operating activities	10	(346,304)	<u>(500,352)</u>
Returns on investment and servicing of finance			
Interest received		6,202	8,013
Interest paid		(33,863)	(9,793)
Dividends paid		(24,300)	(24,300)
Net cash (outflow) from returns on investment and servicing of finance		(51,961)	<u>(26,080)</u>
Taxation			
UK Corporation tax repaid		2,803	141,637
Overseas tax paid		(10,800)	(1,200)
Net cash (outflow)/inflow from taxation		(7,997)	<u>140,437</u>
Investing activities:			
Purchase of tangible fixed assets		(146,884)	(43,011)
Sale of tangible fixed assets		10,215	8,888
Net cash outflow from investing activities		(136,669)	<u>(34,123)</u>
Net cash (outflow)	11	<u>(542,931)</u>	<u>(420,118)</u>

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 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) **Basis of Preparation**

The Financial Statements have been prepared on a going concern basis. In determining the appropriateness of this basis the Directors have considered profit forecasts to 30 April 1996. The Directors are satisfied that adequate banking facilities will be available to enable the group to continue its operations until 31 December 1996.

(c) **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.

(d) **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.

(e) **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.

(f) **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.

(g) **Research and development**

Expenditure on research and development is written off as incurred.

(h) **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.

(i) **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.

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

3. OPERATING LOSS

is stated after charging:	1995 £	1994 £
(a) Cost of sales		
Directors remuneration	11,727	4,396
Loss (profit) on sale of fixed assets	(572)	1,922
Depreciation	75,539	97,315
Hire of plant and machinery	<u>378,008</u>	<u>269,553</u>
(b) Research and development		
Directors remuneration	<u>24,629</u>	<u>39,780</u>
(c) Administrative expenses		
Auditors remuneration for current year	29,000	30,000
Depreciation	66,243	80,078
Loss on sale of fixed assets	1,668	-
Directors remuneration	<u>204,448</u>	<u>176,365</u>
(d) and after crediting		
Rental income	<u>110,013</u>	<u>110,012</u>

4. DIRECTORS AND STAFF COSTS**Directors remuneration**

	£	£
Fees	3,000	3,000
Other emoluments	<u>237,804</u>	<u>217,541</u>
	<u>240,804</u>	<u>220,541</u>

Emoluments, excluding pension scheme contributions

Chairman and highest paid director	<u>65,438</u>	<u>59,996</u>
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BIERRUM HOLDINGS LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)**

Directors remuneration fell into the following bands:

	<u>1995</u>	<u>1994</u>
	No.	No.
Up to £5,000	1	1
From £45,001 to £50,000	2	3
From £55,001 to £60,000	1	1
From £65,001 to £70,000	1	-

Staff costs (including Directors)

	£	£
Wages and salaries	1,841,830	1,985,501
Social security costs	166,927	194,846
Other pension costs	83,602	99,356
Other costs	54,708	32,925
	<u>2,147,067</u>	<u>2,312,628</u>

The average number of employees during the year was:

	No.	No.
Management, office and selling	43	49
Contracting sites	77	67
	<u>120</u>	<u>116</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**

	1995	1994
	£	£
Payable on Bank overdraft	<u>33,863</u>	<u>9,793</u>

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

	<u>1995</u>	<u>1994</u>
	£	£
Based on the results of the year:		
Corporation Tax - 25% (1994 - 33%)	(12,000)	41,459
Deferred Tax - 33% (1994 - 33%)	48,753	(9,127)
Adjustment for previous years	-	9,135
	<u>36,753</u>	<u>41,467</u>

8. LOSS AFTER TAXATION

Dealt with in the accounts of Bierrum Holdings Limited	(6,477)	(73,113)
Dealt with in the accounts of subsidiaries	(193,903)	(135,926)
	<u>(200,380)</u>	<u>(209,039)</u>

9. DIVIDENDS

Dividends on ordinary and 'A' ordinary shares:

Additional dividend of 5% for 1993 paid	-	12,150
Final dividend of 10% (1994 - 10%) proposed	24,300	24,300
	<u>24,300</u>	<u>36,450</u>

10. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

Operating (loss)	(209,472)	(248,726)
Depreciation	141,782	177,393
Loss on sale of tangible fixed assets	1,096	1,922
(Increase)/decrease in stocks	(198,923)	118,667
(Increase)/decrease in debtors	(1,145,346)	218,000
Increase/(decrease) in creditors	1,064,559	(767,608)
Net cash (outflow) from operating activities	<u>(346,304)</u>	<u>(500,352)</u>

11. CASH AND CASH EQUIVALENTS

Balance at 30 April 1993	584,553
Net cash (outflow) for 1993/94	<u>(420,118)</u>
Balance at 30 April 1994	164,435
Net cash (outflow) for 1994/95	<u>(542,931)</u>
Balance at 30 April 1995	<u>(378,496)</u>
Cash at Bank	189,204
Bank overdraft	<u>(567,700)</u>
	<u>(378,496)</u>

BIERRUM 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 1994	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	-	16,879	16,879
At 30 April 1995	<u>1,221,344</u>	<u>59,328</u>	<u>1,280,672</u>
Depreciation at 1 May 1994	45,536	52,465	98,001
Amount provided for year	8,059	5,568	13,627
	<u>53,595</u>	<u>58,033</u>	<u>111,628</u>
Eliminated on disposals	-	11,711	11,711
At 30 April 1995	<u>53,595</u>	<u>46,322</u>	<u>99,917</u>
Net Book Values at 30 April 1994	<u>1,175,808</u>	<u>23,742</u>	<u>1,199,550</u>
Net Book Values at 30 April 1995	<u>1,167,749</u>	<u>13,006</u>	<u>1,180,755</u>
The Group			
Cost or valuation at 1 May 1994	1,221,344	2,182,142	3,403,486
Additions	-	146,884	146,884
	<u>1,221,344</u>	<u>2,329,026</u>	<u>3,550,370</u>
Cost of disposals	-	131,205	131,205
At 30 April 1995	<u>1,221,344</u>	<u>2,197,821</u>	<u>3,419,165</u>
Depreciation at 1 May 1994	45,536	1,760,905	1,806,441
Amount provided for year	8,059	133,723	141,782
	<u>53,595</u>	<u>1,894,628</u>	<u>1,948,223</u>
Eliminated on disposals	-	119,894	119,894
At 30 April 1995	<u>53,595</u>	<u>1,774,734</u>	<u>1,828,329</u>
Net Book Values at 30 April 1994	<u>1,175,808</u>	<u>421,237</u>	<u>1,597,045</u>
Net Book Values at 30 April 1995	<u>1,167,749</u>	<u>423,087</u>	<u>1,590,836</u>

One freehold property is 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>1995</u>	<u>1994</u>
	£	£
Work in progress	180,896	12,316
Stock and tackle	175,849	145,506
	<u>356,745</u>	<u>157,822</u>

16. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Trade debtors	1,350,354	567,599	24,026	-
Retentions	94,753	251,170	-	-
Amounts recoverable on contracts	727,714	203,985	-	-
Amount due from Subsidiary Companies	-	-	1,393,063	1,536,040
Corporation Tax	47,561	51,565	47,561	50,364
Other debtors	31,806	21,731	-	-
Prepayments	33,268	48,064	-	14,807
	<u>2,285,456</u>	<u>1,144,114</u>	<u>1,464,650</u>	<u>1,601,211</u>

17. CREDITORS

Bank overdraft (secured)	567,700	50,353	786,544	-
Trade Creditors	1,122,033	372,996	9,177	1,228
Payments on account	188,276	-	-	-
Amounts due to Group Companies	-	-	8,435	1,044,566
Corporation Tax	6,075	6,075	6,075	6,075
Other taxes and social security	147,995	101,592	119,992	101,543
Dividends	24,300	24,300	24,300	24,300
Other creditors	13,184	8,113	5,379	5,764
Accruals	168,568	92,796	21,694	21,195
	<u>2,238,131</u>	<u>656,225</u>	<u>981,596</u>	<u>1,204,671</u>

The bank overdraft is secured against certain properties of the Company.

BIERRUM HOLDINGS LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)****18. PROVISION FOR LIABILITIES AND CHARGES****Deferred tax**

	<u>The Company</u>			
	<u>Amounts provided</u>		<u>Full potential liability</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Accelerated capital allowances	-	54,670	54,601	54,670
ACT recoverable	-	(13,130)	(12,150)	(13,130)
	-	41,540	42,451	41,540

	<u>The Group</u>			
	<u>Amounts provided</u>		<u>Full potential liability</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Accelerated capital allowances	-	61,884	54,601	61,884
ACT recoverable	-	(13,130)	(12,150)	(13,130)
	-	48,754	42,451	48,754

19. SHARE CAPITAL

	<u>1995</u>	<u>1995</u>	<u>1994</u>	<u>1994</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
	250,000	243,000	250,000	243,000

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.