

Company No. 339806

BIERRUM HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

30 APRIL 1999



BIERRUM HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

President

N. R. Bierrum, MA

Directors

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

Secretary

F. J. Dalton

Registered Office

**Bierrum House, High Street, Houghton Regis, LU5 5BJ
Bedfordshire**

BIERRUM HOLDINGS LIMITED

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 APRIL 1999

It is particularly pleasing to be able to refer in my third report to the Group's return to overall profitability, as anticipated in my statement with the 1998 accounts. Both the Bierrum and Pendrich Steeplejack businesses achieved significantly improved results, the reward for much hard work in pursuit of the business development strategies introduced by the new management team two years ago.

Operating Review

The year to April 1999, the first full year during which the Group's revised strategy was in place, has been characterised by successful activity designed to:

- ◆ broaden the range of projects that we work on
- ◆ extend the territories where we work, and
- ◆ emphasise our all round engineering capabilities.

We are thus developing our reputation, at home and overseas, for the ability to engineer, design and construct far more than chimneys and cooling towers.

In the Bierrum businesses, several significant projects confirm our belief that we are now moving the business strongly forward into its development phase. A major (£6.8M) contract at Rugby Cement was completed – profitably, on time and to quality, clearly demonstrating the Group's ability to deliver effective engineering solutions within the context of a complex and highly innovative contractual relationship. Such was our effectiveness in that relationship that several follow-on contracts at that site have been awarded to us. Complex engineering projects for Guy's Hospital in the City of London and at East Midlands Airport underscored the Group's ability to design engineer and construct solutions to highly unusual requirements.

We continue to see the longer-term development potential for the business largely overseas. The Isdemir Steel Works project in Turkey has been satisfactorily completed, and as a result we are pursuing a number of further potential contracts in that country. In 1999/2000, our Australian subsidiary, in joint venture with McConnell Dowell, has successfully completed the first stage of the 235 metre Callide chimney (in Queensland). We are consequently exploring a number of further business possibilities in that territory.

In Scotland, our Pendrich Steeplejack subsidiary has had its most successful year, partly due to this company also having been able to extend its activities offshore, with two major contracts in Northern Europe. This development is also expected to lead the way for this company's future activities.

Management Team

The last year has seen the completion of the assembly of a first class team at Head Office. The Group is now run by a professional management team of highest quality, combining a blend of energy, ability and experience from within Bierrum and, now, from outside as well. This team, enthusiastically led by Bill Nye, is undoubtedly capable of identifying, and then taking the company strongly and profitably into, its new markets.

Employee Participation Scheme

Consistent with the development of the business from the traditional family company towards a private company capable of competing strongly in its chosen fields, an employee share ownership scheme has been introduced. In April 1999 the shareholders approved the issue of 20,000 of the company's ordinary shares (27% of the ordinary equity), to a Trust for the benefit of all employees. Provided certain targets are met, the company will make further payments to the Trust over the next three years to enable the Trust to subscribe for further shares, or buy them in the market, for the benefit of employees. These shares will be used as part of an overall Employee Participation Plan to incentivise and reward exceptional performance. This overall plan will also include a company-wide profit sharing scheme being launched in September.

It is my belief that these developments represent a really significant step in the process of honouring management's commitment to improve business performance through the development of our people.

Prospects

Finally, it is encouraging to report that the company's order and enquiry books are stronger than ever. A considerable amount of effort and energy has been applied in generating an impressive pipeline of very high quality enquiries. In the calendar year to date we have submitted tenders for over £43M worth of projects.

The Group opened the current trading year with firm orders for £3.5 million, and have won contracts worth a further £1.8 million since April. At the time of writing therefore we have secured 50% of our budget activity for the financial year, and continue to pursue good quality projects, at home and particularly in the overseas markets.

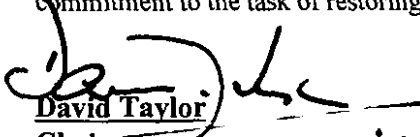
Conclusion

Whilst the Group's bankers have considerably increased the facilities available to us, the fact remains that the damage to the equity base resulting from the substantial trading losses in the earlier part of this decade leaves management with slender resources with which to tackle the development of a truly international business.

Nevertheless, the Group has made considerable progress since the change programme was implemented in mid-1997, and the business has undoubtedly now been stabilised. Most importantly, we have been able to appoint several very high quality individuals from outside the business to key positions in the management team, and are thus even better equipped to single-mindedly continue implementation of our business plan.

We shall continue with our adopted strategy and maintain and improve our share of domestic market business, whilst seeking growth overseas. Overseas business development will continue to be organised within the context of business relationships that are carefully designed to minimise risk.

In closing I must pay tribute to all the staff in the business who have shown immense loyalty, determination and commitment to the task of restoring the Bierrum Group to its former strength.


David Taylor
Chairman

BIERRUM HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 1999

The Directors present their Report together with the Financial Statements for the year ended 30 April 1999.

Results and dividends

The Group profit for the year after taxation was £219,411.

In view of the need to conserve all available funds within the business for development purposes, and to make good the effects of the substantial losses of recent years 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 four subsidiary companies, which are engaged in engineering and contracting, specialising in reinforced concrete, tall structures and steeplejacking.

The year under review was an important period in which the new management team continued the Company's recovery, all operating subsidiaries increased their turnover in the year and all reported improved returns.

The company continues to implement its business plan and is actively pursuing work in both home and overseas markets. In the first quarter of 1999/2000 the company has secured just under £1.8 M of new orders and is actively pursuing approximately £40M of potential orders both in the UK and overseas.

The group established a trading company in Australia in January 1999, Bierrum Holdings Pty, to carry out the Callide contract in joint venture with McConnell Dowell and pursue other business opportunities in Australasia.

The appointment of the new Finance director will strengthen financial control and reporting within the Group. The management team has been completed by the appointment of a commercial manager to manage all contractual matters relating to construction contracts.

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

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

Overall trading prospects for the Group look encouraging, the order backlog at 30 April 1999 was £3.5 M which represents approximately 35% of the groups budgeted turnover for 1999/2000. In the first quarter of 1999/2000 the company has secured just under £1.8 M of new orders and is actively pursuing approximately £40M of potential orders both in the UK and overseas.

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.

BIERRUM HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 30 APRIL 1999

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 30th April 1999 the group has spent £40,000 on upgrading IT resources, and expect to spend a further £20,000.

Inter group funding

During the year, the Directors rationalised the means by which members of the group are financed by the Holding Company. The majority of funding was arranged by way of inter company debt, much of which had become fixed investment in nature. Recognising this fact, the following amounts of long term debt due to this company were converted to equity:-

on 26th November 1998: £750,000 due from Bierrum and Partners Ltd - ordinary shares

£100,000 due from Bierrum Structural Services Ltd - ordinary shares

on 5th December 1998: £500,000 due from Pendrich (Steeplejacks) Ltd - 7.5% redeemable preference shares.

Directors

The constitution of the Board during the year and their interests in the capital of the Company at both 30 April 1998 and 30 April 1999 (or date of retirement if earlier) were as follows:

	<u>Beneficial interest</u>				<u>As Trustees</u>			
	Ord. Shares		'A' Ord. Shares		Ord. Shares		'A' Ord. Shares	
	<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>	
	1999	1998	1999	1998	1999	1998	1999	1998
*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 J Taylor	-	-	-	-	-	-	-	-
W J Nye	-	-	-	-	-	-	-	-
F J Dalton	-	-	-	-	-	-	-	-
(Appointed 21 April 1999)								

* 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

F J DALTON

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 8 to 20, which have been prepared under the accounting policies, set out on page 12.

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 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

30 September 1999



HORWATH CLARK WHITEHILL

Chartered Accountants
and Registered Auditors

London

BIERRUM HOLDINGS LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
Turnover	2	9,971,890	8,449,712
Cost of sales		7,763,723	7,253,323
Gross profit		<u>2,208,167</u>	<u>1,196,389</u>
Administrative Expenses		(1,975,111)	(1,463,242)
		<u>233,056</u>	<u>(266,853)</u>
Other operating income		-	-
Operating Profit/(Loss)	3	<u>233,056</u>	<u>(266,853)</u>
Restructuring and moving costs		-	(291,059)
Profit/(Loss) on ordinary activities before tax and interest		<u>233,056</u>	<u>(557,912)</u>
Interest receivable		811	10,718
Interest payable	6	(14,456)	(27,787)
Profit/(Loss) before taxation		<u>219,411</u>	<u>(574,981)</u>
Taxation	7	-	-
Profit/(Loss) on ordinary activities after taxation	8	<u>219,411</u>	<u>(574,981)</u>
Retained Profit/(loss) for the year		<u>219,411</u>	<u>(574,981)</u>
Retained profit brought forward		1,099,775	381,583
Transfer from revaluation reserve		-	1,293,173
Retained profit carried forward		<u>1,319,186</u>	<u>1,099,775</u>
<u>STATEMENT OF RECOGNISED GAINS AND LOSSES</u>			
Profit/(Loss) for the year		219,411	(574,981)
Revaluation gain on freehold properties		-	44,652
Total profit/(loss) for the year		<u>219,411</u>	<u>(530,329)</u>

The notes on pages 12 to 20 form an integral part of these Financial Statements.



BIERRUM HOLDINGS LIMITED

GROUP BALANCE SHEET

30 APRIL 1999

	<u>Notes</u>	<u>£</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Assets employed:				
Fixed Assets				
Tangible Assets	11		699,160	707,630
Own shares	21		20,000	-
			<u>719,160</u>	<u>707,630</u>
Current Assets				
Stock and work in progress	14	288,845		277,892
Debtors	15	2,526,388		1,540,463
Cash		-		735,005
		<u>2,815,233</u>		<u>2,553,360</u>
Creditors:				
Amounts falling due within one year	16	1,806,643		1,806,332
Net current assets			1,008,590	<u>747,028</u>
Creditors:				
Amounts falling due after one year	16		(33,681)	-
Net Assets			<u>1,694,069</u>	<u>1,454,658</u>
Financed by:				
Capital and reserves				
Called up share capital	9		263,000	243,000
Revaluation reserve	18		111,883	111,883
Profit and loss account	18		1,319,186	1,099,775
Shareholders' funds			<u>1,694,069</u>	<u>1,454,658</u>

Approved by the board and signed on its behalf on 30th September 1999.

 D J TAYLOR)
)
) DIRECTORS
 F J DALTON)

The notes on pages 12 to 20 form an integral part of these Financial Statements.



BIERRUM HOLDINGS LIMITED

BALANCE SHEET

30 APRIL 1999

	<u>Notes</u>	<u>£</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Assets employed:				
Fixed Assets				
Tangible Assets	11		376,940	385,217
Investments in subsidiaries	17		627,901	-
Own shares	21		20,000	-
			<u>1,024,841</u>	<u>385,217</u>
Current assets				
Debtors	15	1,340,257		1,035,185
Cash		-		262,667
		<u>1,340,257</u>		<u>1,297,852</u>
Creditors:				
Amounts falling due within one year	16	416,112		188,686
Net current assets			<u>924,145</u>	<u>1,109,166</u>
Net assets			<u>1,948,986</u>	<u>1,494,383</u>
Financed by:				
Capital and reserves				
Called up share capital	9		263,000	243,000
Revaluation reserve	18		111,883	111,883
Profit and Loss account	18		1,574,103	1,139,500
Shareholders' funds			<u>1,948,986</u>	<u>1,494,383</u>

Approved by the board and signed on its behalf on 30th. September 1999.

 : D J TAYLOR)
: F J DALTON) DIRECTORS


The notes on pages 12 to 20 form an integral part of these Financial Statements.

BIERRUM HOLDINGS LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 1999

	<u>Note</u>	<u>1999</u> £	<u>1998</u> £
Net cash (outflow) from operating activities	10	(618,364)	<u>(330,272)</u>
Returns on investments and servicing of finance			
Interest received		811	10,718
Interest paid		<u>(14,456)</u>	<u>(27,787)</u>
		(13,645)	(17,069)
Taxation		-	-
Capital expenditure			
(Payments) to acquire tangible fixed assets		(120,311)	(89,917)
Receipts from sales of tangible fixed assets		5,887	64,617
Receipts from sale of properties		-	1,663,409
		<u>(114,424)</u>	<u>1,638,109</u>
		(746,433)	1,290,768
Dividends paid		-	-
(Decrease)/increase in cash	13	<u>(746,433)</u>	<u>1,290,768</u>

The notes on pages 12 to 20 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) **Trading Policy**

Long term contracts

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

Turnover is calculated based on the value of measured work completed in the year. Profit is realised on each contract as work progresses provided that the profit does not exceed the total forecast profit for the contract

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.

Short term contracts

Turnover and profit on short term contracts are realised when the contract is completed.

(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.

(i) **Foreign Currency Accounting Policy**

All foreign transactions have been translated at the rate appertaining at the date of the transaction. Foreign currency balances have been translation at the closing rate on the Balance Sheet date.

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 accrued income.

The geographical split of Turnover is detailed below :

	<u>1999</u>	<u>1998</u>
	£	£
UK	9,052,027	7,699,226
Europe	838,863	750,486
Australasia	65,000	-
Others	16,000	-
Total	<u>9,971,890</u>	<u>8,449,712</u>

3. OPERATING PROFIT \ (LOSS)

	<u>1999</u>	<u>1998</u>
	£	£
is stated after charging:		
(a) Cost of sales		
Loss/(Profit) on sale of fixed assets	21,845	(11,818)
Depreciation	76,258	92,869
Hire of plant and machinery	<u>589,439</u>	<u>478,048</u>
(b) Administrative expenses		
Auditors remuneration for current year	30,000	24,000
- remuneration for other services	5,000	5,000
Depreciation	24,792	36,049
Rental of accommodation	42,500	4,014
(Profit)/loss on sale of fixed assets	-	(1,740)
Directors remuneration	<u>167,982</u>	<u>249,929</u>
(c) and after crediting:		
Rental income	<u>-</u>	<u>8,472</u>

4. DIRECTORS AND STAFF COSTS

	<u>1999</u>	<u>1998</u>
	£	£
Directors remuneration in respect of:		
Qualifying services	160,175	215,890
Excess retirement benefits	-	31,987
Compensation for loss of executive office	<u>-</u>	<u>76,515</u>
Number of Directors:	<u>No.</u>	<u>No.</u>
to whom pension benefits are accruing under defined benefit schemes	<u>2</u>	<u>2</u>

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

	<u>1999</u>	<u>1998</u>
	£	£
Highest-paid Director:		
Emoluments	84,581	88,000
Amount of accrued pension at 30 April 1999	<u>13,325</u>	<u>-</u>
 Staff costs (including Directors):		
	<u>1999</u>	<u>1998</u>
	£	£
Wages and salaries	2,580,696	2,856,739
Social security costs	233,485	249,227
Other pension costs	66,278	34,257
Other costs	27,354	52,083
	<u>2,907,813</u>	<u>3,192,306</u>
 The average number of employees during the year was:		
	<u>No.</u>	<u>No.</u>
Management, office and selling	37	42
Contracting sites	73	81
	<u>110</u>	<u>123</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.

The next ongoing valuation will have an effective date of 1 March 1999, which is currently being prepared.

Pension costs which relate to a defined contribution scheme are charged to the Profit & Loss Account in the year in which they become payable.

6. INTEREST PAYABLE

	<u>1999</u>	<u>1998</u>
	£	£
Payable on bank overdraft	10,226	20,798
Payable on other financing	4,230	6,989
	<u>14,456</u>	<u>27,787</u>

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

The Group has tax losses of £ 1,860,000 (1998: £1,924,000): available to set off against future trading profits.

8. PROFIT/(LOSS) AFTER TAXATION

	<u>1999</u>	<u>1998</u>
	£	£
Dealt with in the accounts of Bierrum Holdings Limited	434,603	(533,014)
Dealt with in the accounts of subsidiaries	(215,192)	(41,967)
	<u>219,411</u>	<u>(574,981)</u>

The company has taken advantage of the exceptions provided by Section 230 of the Companies Act 1985 not to present its own Profit and Loss Account.

9. SHARE CAPITAL

	<u>1999</u>	<u>1999</u>	<u>1998</u>	<u>1998</u>
	<u>Authorised</u>	Issued and <u>fully paid</u>	<u>Authorised</u>	Issued and <u>fully paid</u>
	£	£	£	£
Ordinary shares of £1 each	110,000	74,000	56,500	54,000
A' Ordinary shares of £1 each	193,500	189,000	193,500	189,000
	<u>303,500</u>	<u>263,000</u>	<u>250,000</u>	<u>243,000</u>

During the year by special resolution the company increased its authorised share capital to £303,500 by the creation of an addition 53,500 Ordinary Shares. Of these shares 20,000 were issued for nil consideration to the ESOT details of which are contained in note 21.

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

	<u>1999</u>	<u>1998</u>
	£	£
Operating profit/(loss)	233,056	(266,853)
Exceptional costs	-	(291,059)
Depreciation charges	101,050	128,918
Loss/(Profit) on sale of tangible fixed assets	21,844	(13,569)
(Increase) in stocks	(10,953)	(78,796)
(Increase)/decrease in debtors	(985,925)	346,223
Increase/(decrease) in creditors	22,564	(155,136)
Net cash (outflow) from operating activities	<u>(618,364)</u>	<u>(330,272)</u>

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

11. Tangible Fixed Assets	Freehold properties	Plant equipment & vehicles	Total
The Company	£	£	£
Cost or valuation at 1 May 1998	365,000	25,211	390,211
Additions	-	-	-
Revaluation	-	-	-
	<u>365,000</u>	<u>25,211</u>	<u>390,211</u>
Cost of disposals	-	-	-
At 30 April 1999	<u>365,000</u>	<u>25,211</u>	<u>390,211</u>
Depreciation at 1 May 1998	1,200	3,794	4,994
Amount provided for year	2,926	5,351	8,277
	<u>4,126</u>	<u>9,145</u>	<u>13,271</u>
Eliminated on disposals	-	-	-
Transferred to revaluation reserve	-	-	-
At 30 April 1999	<u>4,126</u>	<u>9,145</u>	<u>13,271</u>
Net Book Values at 30 April 1998	<u>363,800</u>	<u>21,417</u>	<u>385,217</u>
Net Book Values at 30 April 1999	<u>360,874</u>	<u>16,066</u>	<u>376,940</u>
The Group			
Cost or valuation at 1 May 1998	365,000	2,140,335	2,505,335
Additions	-	120,311	120,311
	<u>365,000</u>	<u>2,260,646</u>	<u>2,625,646</u>
Cost of disposals	-	284,353	284,353
At 30 April 1999	<u>365,000</u>	<u>1,976,293</u>	<u>2,341,293</u>
Depreciation at 1 May 1998	1,200	1,796,505	1,797,705
Amount provided for year	2,926	98,124	101,050
	<u>4,126</u>	<u>1,894,629</u>	<u>1,898,755</u>
Eliminated on disposals	-	256,622	256,622
At 30 April 1999	<u>4,126</u>	<u>1,638,007</u>	<u>1,642,133</u>
Net Book Values at 30 April 1998	<u>363,800</u>	<u>343,830</u>	<u>707,630</u>
Net Book Values at 30 April 1999	<u>360,874</u>	<u>338,286</u>	<u>699,160</u>

One freehold property was 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 by 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 (1998: £24,535).

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

At 30 April 1999 the Group had the following annual commitments for leases expiring within:

	<u>Land and buildings</u>		<u>Other non-cancellable operating leases</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
1 year	-	-	638	20,243
2 - 5 years	42,500	42,500	60,180	31,598
	<u>42,500</u>	<u>42,500</u>	<u>60,818</u>	<u>51,841</u>

13. ANALYSIS OF CHANGES IN GROUP NET DEBT

	<u>At 1 May 1998</u>	<u>Cash flows</u>	<u>At 30 April 1999</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Cash	735,005	(735,005)	-
Bank overdraft	-	(11,428)	(11,428)
	<u>735,005</u>	<u>(746,433)</u>	<u>(11,428)</u>

14. STOCK AND WORK IN PROGRESS

	<u>The Group</u>	
	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Long term contract balances	39,668	52,117
Stock & tackle	249,177	225,775
	<u>288,845</u>	<u>277,892</u>

15. DEBTORS

	<u>The Group</u>		<u>The Company</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Trade debtors	1,044,595	510,462	5,911	18,811
Retentions	380,872	362,617	-	-
Amounts recoverable on contracts	1,047,721	406,939	-	-
Amount due from Subsidiary Companies	-	-	1,333,838	993,205
Other debtors	42,410	253,834	508	23,169
Prepayments	10,790	6,611	-	-
	<u>2,526,388</u>	<u>1,540,463</u>	<u>1,340,257</u>	<u>1,035,185</u>

Included in amounts due from subsidiaries is nil (1998: £1,350,000) due in more than one year. The figure shown is net of provisions amounting to nil (1998: £1,102,182).

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

16. CREDITORS	<u>The Group</u>		<u>The Company</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Amounts falling due within one year:				
Bank overdraft	11,428	-	220,679	-
Trade Creditors	883,455	1,387,445	11,809	-
Payments on account	72,000	10,145	-	-
Other taxes and social security	200,576	132,710	156,878	131,100
Hire purchase	32,990	24,283	-	-
Other creditors	55,749	43,424	14,868	13,586
Accruals	550,445	208,325	11,878	44,000
	<u>1,806,643</u>	<u>1,806,332</u>	<u>416,112</u>	<u>188,686</u>
Amounts due after more than one year:				
Hire purchase (note 20)	33,681	-	-	-

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.

17. **INVESTMENT IN SUBSIDIARIES**

The Company owns the whole of the issued share capital of Bierrum & Partners Limited, Bierrum Structural Services Limited, Bierrum Overseas Limited (incorporated in the Republic of Ireland) and Bierrum Holdings Pty incorporated in Australia. The Company owns 79% of the issued ordinary share capital and 100% of the preference share capital of Pendrich (Steeplejacks) Limited. The cost of these investments were:

	<u>£</u>
Bierrum and Partners Limited	1,000,000
Bierrum Structural Services Limited	120,000
Bierrum Trustees Limited	1
Pendrich (Steeplejacks) Limited	507,900
	<u>1,627,901</u>
Less: amounts written off in previous years	277,900
	<u>1,350,001</u>
Amounts written back in year	27,900
Amount written off in year	(750,000)
Balance at 30 April 1999	<u>627,901</u>

BIERRUM HOLDINGS LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)****18. MOVEMENTS IN RESERVES**

	Profit and Loss Account £	Revaluation Reserve £
The Group		
Balance at 1 May 1998	1,099,775	111,883
Profit for the year	219,411	-
Balance at 30 April 1999	1,319,186	111,883
The Company		
Balance at 1 May 1998	1,139,500	111,883
Profit for the year	434,603	-
Balance at 30 April 1999	1,574,103	111,883

19. 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.

20. HIRE PURCHASE COMMITMENTS

The Group had the following commitments for hire purchase contracts

	<u>1999</u> £	<u>1998</u> £
Payments within one year	32,990	24,283
Payments in 2 - 5 years	33,681	-
	66,671	24,283
Net book value of hired assets at 30 th April	90,476	25,322
Depreciation charge in the year	23,663	4,274

21. RECONCILIATION OF SHAREHOLDERS FUNDS

	<u>The Group</u>		<u>The Company</u>	
	<u>1999</u> £	<u>1998</u> £	<u>1999</u> £	<u>1998</u> £
Brought forward	1,454,658	2,029,639	1,494,383	1,982,745
Gain on Revaluation	-	-	-	44,652
Issue of Ordinary £1 shares	20,000	-	20,000	-
Profit \ (Loss) for the year	219,411	(574,981)	434,603	(533,014)
Shareholders' funds carried forward	1,694,069	1,454,658	1,948,986	1,494,383

BIERRUM HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

21. EMPLOYEE SHARE OPTION TRUST

On 29 April 1999 following an Extraordinary General Meeting of the Company, an Employee Share Option Trust (ESOT) was set up in order to benefit, encourage and motivate employees in the Group by encouraging and facilitating the long-term holding of interests in the Company's shares.

1. The trustee company, Bierrum Trustees Limited, is a wholly-owned subsidiary of Bierrum Holdings Limited. This Company was funded by a payment of £20,000 by Bierrum Holdings Limited on 29 April 1999. On the same day it applied for and was allotted 20,000 £1 Ordinary Shares at par.
2. The trustee directors of Bierrum Trustees Limited from the inception of the ESOT and at the end of the period under review were:

D. J. Taylor (Chairman)

N. R. Bierrum

3. Interests in the shares will be allocated to employee directors and employees of the Group on a basis of achievement of targets. Unless and until specifically transferred, the shares will at all times remain in the legal ownership of Bierrum Trustees Limited. Persons leaving employment are required to sell the equitable interest in their allocation back to the Trustees at a price determined by a formula relating recent Company and Stock Market performance.
4. Funding payments to and costs arising from the operation of the ESOT are charged to the Profit and Loss Account of Bierrum Holdings Limited as they occur.
5. The number and value of the shares held are:

Ordinary £1 Shares	Total in trust	Allocated to employees	Unallocated
Number of shares	20,000	-	20,000
Value (cost)	£20,000	-	£20,000

No dividends were paid during the period under review.

6. At 30 April 1999 no shares were under option to any employee, and no shares had been gifted. Where shares are gifted to employees, or options granted, the value of that transfer is to be charged to the Profit and Loss Account as an operating cost over the period ending at the earlier of:
 1. the period of service of the employee; and
 2. the date the gift becomes unconditional or the option is exercised.