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BANDT plc

ANNUAL REPORT 1998/99

BANDT plc

Contents

Summary

- Operating profit increased by 29% to £7.9m
- Profit before tax increased by 43% to £7.7m
- Strategic developments include four acquisitions for a total consideration of £3.6m and the establishment of FK Multiservices to focus on the industrial sector
- Dividends increased by 21% to 1.7p
- Net cash at year end instead of gearing of 12%

Financial highlights

	1999 £000	1998 £000
• **Operating profit**	**7,857**	6,082
• **Profit before tax**	**7,742**	5,398
• **Earnings per share**	**5.1p**	4.3p
• **Dividends per ordinary share**	**1.7p**	1.4p
• **Net cash flow from operating activities**	**12,923**	12,385

CHAIRMAN'S STATEMENT

It is pleasing to be able to report another encouraging year for the Group, with improved profits, earnings and cash flow and also the completion of the reorganisation of our continuing activities into two operating companies, Kwikform focussed on the Construction Sector and FK Multiservices on the Industrial Sector.

Trading profit increased this year by 10% to £7.9 million on comparable turnover 5% ahead at £78 million. Operating profit increased by 29% due mainly to the absence this year of any charge to increase the vacant property provision, leaving profit before tax and exceptional items ahead 31% at £7.4 million.

With the added benefits of the exceptional profit arising from the sale of the Dundee property and the continuing low tax charge, earnings moved forward significantly to 5.1p per share (1998: 3.5p per share). Operating cash flow at £12.9 million (1998: £12.4 million) remained strong. Capital expenditure at £10.5 million (1998: £8.1 million) was largely offset by £7.8 million inflow from property sales, such that after £3.2 million (1998: £2.7 million) spent on acquisitions the Group had net funds thereby sustaining its capacity to pursue its growth strategy.

The Board will recommend to the Annual General Meeting a final dividend of 1.2p per share (1998: 1.0p per share), which, together with the interim dividend of 0.5p per share already paid, would bring the total for the year to 1.7p compared to 1.4p last year. The final dividend will be paid on 17 August, 1999 to shareholders on the register at 16 July, 1999.

During the year, Mr Tom Sooke joined the Board bringing the Non-Executive membership to three. With his broad financial background I am sure Tom will make an important contribution to our deliberations whilst improving the overall balance of the team.

This year, in particular, I wish to thank the whole of the team in the Group, my Executive Board colleagues, the management and all employees alike, not only for the hard work behind this year's results, but also for the special effort that was required to successfully integrate the Industrial Services Division of Kwikform with Fincham to form FK Multiservices which has been launched with such enthusiasm.

With this new ability to offer integrated multi-discipline industrial services packages to our clients and continuing firm demand from the construction market for Kwikform, we have entered the new trading year with confidence.

W G Andrews
Chairman

16 June, 1999

REVIEW OF OPERATIONS

KWIKFORM

[logo] Kwikform is a major, nationwide supplier of access services to the construction and industrial markets through traditional and system scaffolding products, and also supplies formwork/falsework solutions, predominantly for the civil engineering sector, and a range of light access products for hire and sale.

In its third full year of ownership by the Group, Kwikform's operating profit prior to Group charges increased further despite the fact that the prior year figures benefited from the project in Korea for Daewoo. This improvement was achieved in a year during which the construction market as a whole has been satisfactory although demand from the civil engineering sector fell back in the second half and is not expected to pick up again until work on the Channel Tunnel Rail Link commences.

Much of the progress made during the year arises from management actions taken to improve specific areas of performance. Last year's report highlighted a number of key objectives for the year under review and in most areas good progress was made as follows:

- In the industrial sector a new operational base was opened to cover the Midlands from Burton-on-Trent, and close cooperation with Fincham, backed by extensive market research, established a service format in the Teesside area which is the template for the creation of FK Multiservices as outlined below.

- The company's logistics structure was reviewed in conjunction with external consultants as the result of which a small in-house logistics team has been established to tighten control over the significant spend in this area and build on the initial savings generated in the year.

- Coverage of the scaffolding townwork market was extended by the opening of a depot in Bristol during the second half of the year, from which a positive contribution is expected in the current year. Expansion of coverage through acquisitions proved not to be successful due to high vendor price expectations but we are hopeful of progress in this respect in the current year.

  Also in the townwork sector we targeted growth of 10% in our proprietary 'Kwikstage' system product. In the event revenues actually grew by over 18% driven by further investment in equipment, training and marketing.

- In order to expand the range of products and services offered to the civil engineering sector, a new range of formwork panel systems was successfully launched under the brand names 'Athlete', 'Logo' and 'Trapeze' and these have been well received by the market. Further significant investment will be made in the current year in both existing and new products.

With some confidence returning to the forecasts for the construction sector as interest rates have been reduced, the outlook for the company's townwork scaffolding services is, again, reasonably good with a strong order book at the year end. The order intake since the year end has also been good. The outlook for the formwork/falsework division is largely predicated upon building on the initial success of the new panel systems and the level of work to be generated from the Channel Tunnel Rail Link. In addition, we expect to derive better returns from our Kwikstage revenues due to increased experience in the use of the product, and from other townwork services due to improved work practices.

FINCHAM

[logo] Fincham Industrial Services Ltd is a leading supplier to industrial processing businesses of thermal insulation, contract scaffolding, sheeting and cleaning services, with much of its revenue derived from term maintenance contracts.

In its first full year of ownership by the Group, Fincham's prorated revenues grew by 47% and its profit contribution by 17%, the former figure being substantially in excess of the declared target of 20%. The profit contribution grew exactly in line with expectations, reflecting the investment in support costs as the platform for further growth. The success of the business in the year was derived from combining the entrepreneurial flair of the former owners and their key managers with the resources available within the group, a formula that will continue to underpin the company's growth aspirations in the future.

In the year under review we committed to two further specific objectives and in both there was a considerable degree of success:

- We committed to making bolt-on acquisitions to strengthen the company's presence in the industrial services sector, to which end we invested a total of £3.6 million in purchasing:

  - certain assets and liabilities of Brian Willey Limited which gave us a presence in the south coast market for industrial painting, shot-blasting and corrosion proofing
  - THK Insulation Limited, a provider of thermal insulation and scaffolding services in the East Midlands, together with its subsidiary company, Remflex Covers Limited, a specialist supplier of insulation covers and mattresses
  - Global Protect Limited, a specialist supplier of industrial painting, shotblasting and corrosion proofing services based in the North East

  These businesses, purchased in the last quarter of the financial year, have high quality management teams with the entrepreneurial flair that characterises the existing business, and are expected to make an important contribution in the current year. Due to their purchase so close to our year end no significant contribution was made in the financial year under review.

- We also committed to the establishment of a trading operation in the North East in conjunction with Kwikform to benefit from the complementarity of Kwikform's strength in scaffolding and Fincham's in thermal insulation in particular.

  This joint enterprise has proved to be very successful with considerable work being won in the last quarter, bolstered by key new recruitments to add local knowledge and experience. The medium term objective for this business unit is to build the credibility of the range of services being offered to the point at which multiservice term contracts can be secured.

FK MULTISERVICES

[logo] At the beginning of May 1999 the industrial services division of Kwikform was merged with Fincham Industrial Services under the name FK Multiservices Limited. The recently acquired businesses referred to above are being integrated into the same company so that the group will have a single brand presence in the industrial sector, supplying all of the core services to the market nationwide through the one trading entity.

The establishment of FK Multiservices has been well received in the market and has been backed by an appropriate investment in marketing. In this first year of trading the key objectives for the business will be to:

- grow revenues by over 20% by building new customer relationships and developing more business with existing customers through the provision of the wider range of services now available

- make further bolt-on acquisitions to develop the company's geographic coverage and critical mass

- establish a trading operation in the North West to serve the large industrial base in that region

BANDT PROPERTIES

The small, non-core property portfolio generated an operating profit of £0.4 million on revenues of £0.9 million, reflecting the benefit of some of the 10 year leases which commenced in the latter part of the previous year.

The main contribution of the business, however, was in the cash generated from property disposals which were very much in line with the expectations published in this report last year. The sale of properties at Basingstoke, Dundee, Aintree, Greenford and Renfrew were completed during the year, generating net cash proceeds of £7.8

million. We are reasonably confident of generating cash proceeds of £0.7 million from the sale of the property at West Gorton, Manchester in the first half of the current financial year.

As ever, the remaining properties in the portfolio, currently valued at £6.7 million, will be managed to maximise cash. They are all occupied, in whole or in part, by the purchaser of the Brown & Tawse business sold in January 1997. In terms of that transaction the tenant has entered into 10 year leases, commencing in January 1998, but with the right to surrender all, or parts, of the properties until January 2000 subject to giving notice by October 1999. Once this date has passed we will explore the possibility of selling these properties.

SUMMARY AND OUTLOOK

The year as a whole has seen a significant improvement in the performance of the Group. While the second half result was lower than the equivalent period last year, due primarily to non-recurring costs and the very mild winter of 1997/98, the year-end order position in most activities is strong and there is confidence that further progress will be made in the new financial year.

Richard Wilson
Chief Executive

16 June, 1999

Board of directors

William G Andrews * + x
Non-executive Chairman
Aged 63, he joined the Board as a non-executive Director in 1994 and became non-executive Chairman on 1 January 1998. He was previously Chief Executive of Powell Duffryn plc.

Richard H Wilson x
Chief Executive
Aged 50, he joined the Company in 1992 from GKN plc.

Richard C Rutter
Finance Director and Company Secretary
Aged 52, he joined the Board in September 1997. Previously he had been Finance Director of the Kvaerner Construction Group.

John S Singleton
Managing Director, Kwikform UK
Aged 51, he joined the Board in April 1997. Previous main board appointments include Lilleshall plc and Victaulic plc, where he was Managing Director of Stewarts & Lloyds Plastics.

Michael J Farebrother * +
Non-executive Director
Aged 58, he joined the Board as a non-executive Director in August 1997. He is the non-executive Chairman of Eve Group plc. He was previously Chief Executive of Cape Industries plc.

Thomas P Sooke * +
Non-executive Director
Aged 54, he joined the Board in October 1998. He is Chairman of CitiCourt & Co. Ltd and a non-executive Director of Quester VCT plc. He was previously a corporate finance partner of Deloitte & Touche and prior to that a main board Director of Granville Holdings plc.

* member of Audit Committee
\+ member of Remuneration Committee
x member of Nomination Committee

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Company Secretary
Richard Rutter

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Bankers
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Solicitors
Shoosmiths
Thomas Eggar Church Adams
Dundas & Wilson

Financial Advisers
Singer & Friedlander

Brokers
Albert E Sharp

Report of the directors

The directors have pleasure in submitting their annual report and the audited financial statements for the year ended 4 April, 1999. The comparative figures are for the year ended 5 April, 1998.

Principal activities

The principal activities of the Group are the provision of scaffolding and industrial services to the construction and manufacturing industries throughout the UK.

Review of business

The Group's results are shown in the consolidated profit and loss account on page 16. Profit before tax was £7.7m (1998: £5.4m). A review of the Group's activities, together with its prospects is given on pages 3, 4 and 5.

Dividends

The directors recommend a final dividend of 1.2p per share (1998: 1.0p), which, if approved, will be paid on 17 August, 1999 to ordinary shareholders on the register on 16 July, 1999. This would give a total dividend per ordinary share for the year of 1.7p (1998: 1.4p). Total preference dividends paid in the year were £4,000 (1998: £3,000).

Directors

The Board of Directors is shown on page 6.

Mr T P Sooke joined the Board as a non-executive director on 29 October, 1998

Mr T P Sooke having been appointed since the last AGM retires and, being eligible, offers himself for re-election.

The director retiring by rotation is Mr J S Singleton, who, being eligible, offers himself for re-election.

The executive directors have service contracts determinable at any time by the Company giving 12 months notice.

Details of directors' remuneration, share interests and share incentive arrangements are given on pages 10, 11 and 12 as part of the Report of the Remuneration Committee.

Tangible fixed assets

Freehold and long leasehold properties in the Kwikform companies were valued by the Group's property advisors, Lambert Smith Hampton Group Limited as at May, 1995 on the basis of open market value for existing use

The investment freehold and long leasehold properties belonging to Bandt Properties were valued by Lambert Smith Hampton Group Limited as at March, 1999 on the basis of open market value. As a result of this valuation the net value of the portfolio of investment properties remained the same.

Substantial shareholders

As at 28 May, 1999 the directors were aware of the following shareholders who had notifiable interests in ordinary shares of the Company. These include shareholdings by funds which are managed or advised to the extent that such shareholdings are notifiable in accordance with the Disclosure of Interests in Shares (Amendment) Regulations.

	Number of shares	%
PDFM Limited	26,519,370	18.8
Prudential Corporation plc	23,350,453	16.6
Aberforth Partners	18,600,000	13.2
Merrill Lynch & Co Inc	14,985,921	10.6
Edinburgh Small Companies Trust plc	7,995,924	5.7
Leicestershire County Council Pension Fund	4,273,874	3.0

Report of the directors continued

Employees

The Company informs employees of significant matters relative to the progress and development of the Group, through displays on notice boards, regular meetings with appropriate levels of employees and employee briefings given by managers. The Company also consults with employees for their views on matters which are in their interest.

All employees are encouraged to participate in the Group's progress, by joining the Group's Savings Related Option Scheme. As at 4 April, 1999 there were 408 option holders having options over 2,248,443 ordinary shares in the Group's 1993 savings related scheme.

All applications for employment from disabled persons are given proper consideration and those recruited receive training and promotion as their cases warrant. Every effort is made to assist persons who become disabled whilst in the employment of the Group to continue in employment.

Charitable and political donations

Donations to charity were £2,917 (1998: £5,573).

No political contributions were made.

Millennium

The Group has made substantial progress towards ensuring that the Group's businesses will not be affected by the Millennium date change, and the related costs have not been significant. The projects included reviews of general suppliers to the main businesses as well as reviews of all software and hardware computer systems in each of the businesses. We believe that appropriate steps have been taken to ensure that the Group's future operations will not be significantly affected by the year 2000 issue. However, there can be no absolute assurance that this will be so, as the Group can be adversely affected by third parties' difficulties in solving the year 2000 problem.

European Monetary Union (EMU)

We have continued our preparations for the introduction of the EMU. The businesses primarily provide services in the UK with only limited exports of goods into EMU countries. However, in due course, EMU may impact upon the Group and the Group will take appropriate action.

Financial instruments and derivatives

The Group's financial instruments, other than derivatives, comprise borrowings, loan notes, some cash and liquid resources, and various items, such as trade debtors, trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also enters into derivatives transactions (principally interest rate swaps and forward foreign currency contracts). The purpose of such transactions is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged during the period under review.

Interest rate risk

The Group currently finances its operations through a mixture of retained profits, fixed interest rate loan notes and bank borrowings. The Group borrows only in sterling as it only has UK based operations. For 1998/99 and the forthcoming year the anticipated borrowings are predominantly at fixed rates through the loan notes and so no interest rate swaps have been entered into.

Foreign currency risk

Most sales and purchases of the business are denominated in sterling. However, Export sales are priced in sterling but sometimes invoiced in the currencies of the customers involved. The Group's policy is to eliminate all currency exposures on sales and purchases at the time the contract is entered into through forward currency contracts.

Report of the directors continued

Creditor payment policy

The Company's current policy concerning the payment of the majority of its trade creditors is to:

(a) settle the terms of payment with suppliers when agreeing the terms of each transaction;
(b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
(c) pay in accordance with its contractual and other legal obligations.

The Company has no trade creditors. Creditor days for the Group's main business, Kwikform UK Ltd, were 82 (1998: 74) at the end of the financial year.

Auditors

Our auditors, Coopers & Lybrand merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors. A resolution to reappoint PricewaterhouseCoopers as auditors of the company will be proposed at the annual general meeting.

By order of the Board

R C Rutter
Company Secretary

16 June, 1999

Armstrong Road
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Hants RG24 8NU

Statement of directors' responsibilities

The Directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 4 April, 1999. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group 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 the Group and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

By order of the Board

R C Rutter
Company Secretary

16 June, 1999

Armstrong Road
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Hants RG24 8NU

Report of the Remuneration Committee

The Remuneration Committee comprises the Group's three non-executive directors Mr W G Andrews , Mr M J Farebrother and Mr T P Sooke.

The Company has complied throughout the period with section A of the best practice provisions for directors' remuneration annexed to the London Stock Exchange's Listing Rules, which concerns the membership and operation of the Remuneration Committee.

Remuneration policy for executive directors

The Company's Remuneration Committee decides the remuneration policy that applies to executive directors. In determining that policy it has given full consideration to section B of the best practice provisions for directors' remuneration annexed to the London Stock Exchange's Listing Rules. In setting the policy it considers a number of factors including:

(a) the basic salaries and benefits available to executive directors of comparable companies;

(b) the need to attract and retain directors of an appropriate calibre, and

(c) the need to ensure executive directors' commitment to the continued success of the company by means of incentive schemes.

Salaries and benefits

The Remuneration Committee meets at least once a year in order to consider and set the annual salaries for executive directors, having regard to personal performance and independently compiled salary information.

The contracts of employment for each of the executive directors are based on rolling 12 month contracts. Normal retirement age for the executive directors is on reaching the age of 62 years.

Performance related incentive plan

Annual bonus

Bonuses are based on a combination of the improvement in underlying earnings per share, profitability and individual performance. In total they are capped at 35% of salary for the year ended 4 April, 1999, but this has been increased to 50% for the forthcoming year.

Long term incentive schemes

There are no long term incentive schemes other than the share option schemes.

Share options

At the AGM in 1995 shareholders approved the introduction of the Bandt plc Executive Share Option Scheme 1995. Before options can be exercised under this Scheme, the percentage increase in the Group's earnings per share must be at least 2% per annum above the change in the Retail Price Index for a three year period before the exercise of the options. Since the approval of the Scheme by the Inland Revenue in late 1995, options over 4,571,014 shares have been granted. 1,326,139 options were granted in the year, of which 291,139 were granted to executive directors.

There is one other executive share option scheme under which options can be granted, the 1990 Scheme. Under this Scheme, directors and employees have been granted options over existing ordinary shares as part of the 1990 Employee Share Ownership Trust, of which Noble Lowndes Settlement Trustees Ltd is trustee. 364,284 options were granted in the year none of which were granted to directors.

All three executive directors subscribed up to the maximum available share options under the 1998 Save As You Earn issue.

Remuneration of non-executive directors

The non-executive directors each receive a fee for their services, which is agreed by the Board following recommendation by the Chief Executive, with the assistance of independent advice concerning comparable organisations and appointments. They are re-imbursed for expenses incurred as part of their duties for the Group.

None of the non-executive directors have service contracts with the Company.

Directors' emoluments

Details of each director's emoluments are as follows:

	Salary & fees	Bonus	Benefits	Emoluments excluding pension contributions 1999 Total	1998 Total
	£	£	£	£	£
Executive					
I Harding (resigned 18/7/97)	-	-	-	-	24,241
R C Rutter	**105,000**	**36,750**	**9,745**	**151,495**	91,363
J S Singleton	**120,000**	**42,000**	**10,181**	**172,181**	208,287
R H Wilson	**160,000**	**56,000**	**10,388**	**226,388**	212,971
Non-executive					
W G Andrews	**35,000**	-	-	**35,000**	20,000
M J Farebrother	**15,000**	-	-	**15,000**	9,096
D D McFarlane (resigned 30/12/97)	-	-	-	-	26,250
T P Sooke (appointed 29/10/98)	**7,500**	-	-	**7,500**	-
	442,500	**134,750**	**30,314**	**607,564**	592,208

The main constituent part of the directors benefits related to the use of a company car.

There were no gains on the exercise of share options by the directors.

The following directors have defined benefit pension benefits funded through the Group's defined benefit pension scheme. The details of their accrued pensions were:

	Age at 4/4/99	Increase in accrued pension during the year	Director's contribution in year	Accumulated total accrued pension at 4/4/99	Transfer value of increase in year
		£	£	£	£
R C Rutter	52 years 7 months	2,190	4,380	2,190	23,343
R H Wilson	50 years 9 months	2,269	4,380	14,235	22,249

Mr Singleton participated in a defined contribution pension arrangement. During the year contributions amounted to £29,200 (1998: £28,750).

Directors' interests in shares

The interests of the directors in the ordinary shares of the Company were:

	4 April, 1999	5 April, 1998
W G Andrews	**20,000**	20,000
M J Farebrother	**20,000**	-
R C Rutter	**60,000**	30,000
J S Singleton	**80,000**	30,000
T P Sooke *	-	-
R H Wilson	**158,936**	158,936

* or subsequent date of appointment

Apart from the interests disclosed above, no directors were interested at any time in the year in the share capital of the Company or other Group companies.

Directors' interests in share options

Details of options in the Company's ordinary shares held by directors are as follows:

	5 April, 1998	Granted in year	4 April, 1999
R C Rutter	298,507	12,341	**310,848**
J S Singleton	389,830	303,480	**693,310**
R H Wilson	1,288,165	12,341	**1,300,506**
	1,976,502	328,162	**2,304,664**

None of the non-executive directors have been granted share options.

The directors' options are exercisable as follows:

	No. of shares	Period of exercise	Exercise price
R C Rutter	298,507	16/12/00 - 15/12/07	33.5p
	12,341	01/10/01 - 01/04/02	31.6p
J S Singleton	389,830	25/06/00 - 24/06/07	29.5p
	291,139	09/06/01 - 08/06/08	39.5p
	12,341	01/10/01 - 01/04/02	31.6p
R H Wilson	520,833	22/09/95 - 21/09/02	48.0p
	19,148	23/09/96 - 22/09/03	70.5p
	300,000	23/09/96 - 22/09/03	70.5p
	8,801	01/02/00 - 31/07/00	39.2p
	11,274	01/10/00 - 01/04/01	30.6p
	297,599	25/06/99 - 24/06/06	30.0p
	130,510	16/12/00 - 15/12/07	33.5p
	12,341	01/10/01 - 01/04/02	31.6p

The market price of the Company's shares at the end of the financial year was 35p and the range of market prices during the year was between 23p and 45p.

Corporate governance

The Combined Code, prepared by the Hampel Committee, containing the Principles of Good Governance and the Code of Best Practice, was incorporated into the London Stock Exchange Listing Rules in June 1998. The way that these Principles have been addressed, within Bandt plc, is outlined in the Reports of the Directors and Remuneration Committee on pages 7 to 12, and in the paragraphs set out below. Until guidance on internal controls has been issued, the Board will, as allowed by the Stock Exchange, continue to report on internal financial controls only under the existing guidelines.

Board composition

The Board comprises three executive directors, and since October 1998, it has had three non-executive directors. The chairman, Mr W G Andrews, is a non-executive director, and in the opinion of the Board, all the non-executive directors are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. All non-executive directors have a breadth of successful commercial and professional experience as illustrated in the biographies of the directors which appear on page 6. All directors are required to retire by rotation once every three years.

The Board and associated committees

The main Board meets on a monthly basis to consider matters as set out in the agenda and associated briefing papers sent out prior to the meeting. All directors can receive independent professional advice and any necessary training, at the company's expense, if required in furtherance of their duties. All directors have access to the advice and the services of the Company Secretary in respect of Board procedures and applicable rules and regulations. The Board is responsible for the overall direction and strategy of the Group and for securing the optimum performance from Group assets. The Board has established Audit, Remuneration and Nomination Committees.

The **Audit Committee** comprises the non-executive directors and is chaired by Mr W G Andrews. It meets not less than twice a year and assists the Board in ensuring that the Group's published financial statements give a true and fair view and in securing reliable internal financial information for decision making. It also reviews the suitability and effectiveness of the Group's internal financial controls. The Committee reviews the findings of the external auditors and reviews key accounting policies and judgements.

The **Remuneration Committee** comprises the non-executive directors and is chaired by Mr W G Andrews. It meets at least once a year and is responsible for making recommendations to the Board on remuneration policy for the executive directors and for setting salaries, incentive payments and grants of share options. The report of the Remuneration Committee is set out on pages 10 to 12.

The **Nomination Committee** comprises Mr WG Andrews and the chief executive, Mr RH Wilson, who is an executive director. The Nomination Committee meets as required to assess candidates and makes recommendations to the Board on appointments of all directors.

Shareholder communications

The chief spokespersons for the Company to investors and media are the executive directors. The Company makes statements in its annual and interim reports and associated results presentations, and it keeps shareholders up to date with further city announcements where necessary. Shareholders attending the AGM are invited to ask questions and have the opportunity to talk to all directors after the formal proceedings have ended.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Group's financial statements.

Internal financial controls

The Board is responsible for the Group's system of internal financial controls. It should be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss. The key features of the system are as follows:

Corporate governance continued

Control environment

The Group's control environment is the responsibility of the Group's directors and managers at all levels. The Group's organisational structure has clear lines of responsibility. Operating and financial responsibility for subsidiary companies is delegated to the local boards and management committees, whose decisions and actions are monitored by the executive directors.

Identification of business risks

All subsidiaries are required to assess key risks, and related control and monitoring procedures. The Board monitors this process both directly and through the reviews carried out by the Audit Committee.

Major corporate information systems

The Group's accounting manual sets out the Group's policies and financial and accounting procedures. The Group operates a comprehensive budgeting and financial reporting system which, as a matter of routine, compares actual out-turn to budget. Management accounts are compiled on a monthly basis. Variances from plan are thoroughly investigated and revisions to forecasts are made. Cash flow projections are prepared regularly throughout the financial year covering at least the following fifteen months.

Main control procedures

Subsidiary company management establishes control procedures in response to each of the key risks identified. Subsidiary management reports whether its key controls have functioned effectively. Formal financial control procedures operate throughout the Group which are designed to ensure the integrity of the Group's financial statements. An internal audit function operates within the major subsidiary which concentrates on key security and operational issues. The Board has established procedures for authorisation of capital expenditure.

Monitoring system used by the Board

The Board reviews and approves budgets and monitors the Group's performance against those budgets monthly. Variances from the expected outcome are investigated fully. The Board receives reports on deficiencies in internal control from the Audit Committee. Where lapses are detected, action is taken to prevent further breaches of the Group's procedures. The Board has reviewed the effectiveness of the system of internal financial control during the year.

Compliance

There are three aspects of non-compliance. As detailed above, the third non-executive director was not appointed until half-way through the year and, therefore, the Company has not complied fully throughout the whole year with Best Practice as set out in the code. Secondly, the Board does not consider it necessary to identify a senior non-executive director, in addition to the Chairman, to whom concerns can be conveyed. Due to the small size of the Board, concerns of any director can be voiced openly and easily at all board meetings and committees. Thirdly the Nomination Committee does not have a majority of non-executive directors.

Report of the auditors

To the members of Bandt plc

We have audited the financial statements on pages 16 to 39.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 9 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

We review whether the statement on pages 13 and 14 reflects the Group's compliance with those provisions of the Combined Code specified for our review by the London Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the Company or Group's corporate governance procedures or its internal controls.

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 Company's circumstances, 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 at 4 April, 1999 and of the profit, total recognised gains and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Reading

16 June, 1999

Consolidated profit and loss account for the year ended 4 April, 1999

	Notes	1999 £000	1998 £000
Turnover	2,3		
Continuing operations		**78,389**	74,306
Discontinued operations		-	3,019
		78,389	77,325
Operating profit before exceptional costs	2,3		
Continuing operations		**7,857**	7,122
Exceptional operating costs:			
Vacant property provisions	4	-	(980)
		7,857	6,142
Discontinued operations		-	(60)
Operating profit		7,857	6,082
Exceptional items			
Loss on disposals of businesses	5	-	(212)
Profit on disposal of fixed assets		**372**	-
Profit on ordinary activities before interest		**8,229**	5,870
Net interest payable and similar charges	6	**(487)**	(472)
Profit on ordinary activities before taxation	7	**7,742**	5,398
Tax on ordinary activities	8	**(588)**	(537)
Profit on ordinary activities after taxation		**7,154**	4,861
Dividends	10	**(2,376)**	(1,956)
Retained profit for the year	28	**4,778**	2,905
		Pence/share	Pence/share
Basic/diluted earnings per ordinary share	11	**5.1**	3.5
Earnings per ordinary share before exceptional items	11	**4.9**	4.3

Statement of total Group recognised gains and losses

	1999 £000	1998 £000
Profit on ordinary activities after taxation	7,154	4,861
Unrealised surplus on revaluation of properties	-	649
Total recognised gains and losses relating to the year	7,154	5,510

Statement of Group historical cost profits and losses

	1999 £000	1998 £000
Reported profit on ordinary activities before taxation	7,742	5,398
Realisation of property revaluation gains of previous years	4,477	2
Historical cost profit on ordinary activities before taxation	12,219	5,400
Historical cost profit for the year retained after taxation and dividends	9,255	2,907

Reconciliation of movements in Group shareholders' funds

	1999 £000	1998 £000
Profit for the year	7,154	4,861
Dividends	(2,376)	(1,956)
	4,778	2,905
Other recognised gains and losses relating to the year	-	649
Issue of ordinary shares	4	-
Goodwill arising on acquisition	(25)	(7,377)
Net addition to/(reduction in) shareholders' funds	4,757	(3,823)
Opening shareholders' funds	33,143	36,966
Closing shareholders' funds	37,900	33,143

Balance sheets as at 4 April, 1999

		Group		Company	
			Restated		
		1999	1998	**1999**	1998
		£000	£000	**£000**	£000
Fixed assets	Notes				
Intangible assets	14	**2,910**	-	**-**	-
Tangible assets	15	**35,047**	37,376	**66**	72
Investment in subsidiary undertakings	16	**-**	-	**55,172**	49,157
Investment in own shares	16	**574**	582	**574**	582
		38,531	37,958	**55,812**	49,811
Current assets					
Stocks	17	**1,858**	1,881	**-**	-
Debtors: amounts falling due after one year	18	**352**	361	**13,761**	11,325
amounts falling due within one year	18	**25,862**	22,145	**5,160**	7,528
Cash at bank and in hand		**5,395**	276	**3,500**	5
		33,467	24,663	**22,421**	18,858
Creditors: amounts falling due within one year	19	**(30,650)**	(24,819)	**(8,043)**	(3,210)
Net current assets/(liabilities)		**2,817**	(156)	**14,378**	15,648
Total assets less current liabilities		**41,348**	37,802	**70,190**	65,459
Creditors: amounts falling due after more than one year	20	**(1,808)**	(2,803)	**(8,804)**	(6,161)
Provisions for liabilities and charges	22	**(1,640)**	(1,856)	**(261)**	(350)
Net assets		**37,900**	33,143	**61,125**	58,948
Capital and reserves					
Called up share capital	23	**7,109**	7,108	**7,109**	7,108
Share premium account	24	**3**	-	**3**	-
Revaluation reserve	28	**5,861**	10,338	**-**	-
Capital reserve	28	**-**	-	**583**	583
Special reserve	28	**27,954**	27,979	**46,263**	46,263
Profit and loss account	28	**(3,027)**	(12,282)	**7,167**	4,994
Total shareholders' funds		**37,900**	33,143	**61,125**	58,948
Comprising:					
Equity shareholders' funds		**37,830**	33,073	**61,055**	58,878
Non-equity shareholders' funds		**70**	70	**70**	70
		37,900	33,143	**61,125**	58,948

The financial statements on pages 16 to 39 were approved by the Board of Directors on 16 June, 1999 and were signed on its behalf by:

R H Wilson
Director

R C Rutter
Director

Consolidated statement of cash flow for the year ended 4 April, 1999

	1999 £000	1998 £000
Operating activities		
Net cash inflow from continuing operating activities	**12,923**	12,228
Net cash inflow from discontinued operating activities	**-**	157
Net cash inflow from operating activities (note 29)	**12,923**	12,385
Returns on investments and servicing of finance		
Interest paid	**(369)**	(265)
Interest paid on finance leases	**(2)**	(7)
Dividends paid to preference shareholders	**(4)**	(3)
Net cash outflow from returns on investments and servicing of finance	**(375)**	(275)
Taxation		
UK corporation tax paid	**(655)**	(888)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(10,509)**	(8,107)
Sale of tangible fixed assets	***8,946***	*1,141*
	(1,563)	(6,966)
Acquisitions and disposals		
Purchase of businesses (note 26)	**(3,236)**	(2,743)
Sale of businesses (note 27)	***300***	*2,920*
	(2,936)	177
Equity dividends paid	**(2,092)**	(1,674)
Cash inflow before management of liquid resources and financing	**5,302**	2,759
Financing		
Repayment of principal under finance leases	**(187)**	(109)
Issue of ordinary shares	**4**	-
	(183)	(109)
Increase in cash in the year (note 29)	**5,119**	2,650

Notes to the financial statements

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. However compliance with SSAP 19 'Accounting for investment properties', requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given in the note relating to tangible fixed assets below. The main accounting policies which have been applied consistently, apart from those as set out below, are:

Basis of accounting
The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Changes in presentation of financial statements
FRS10 'Goodwill and Intangible Assets' has been adopted and consequently the Group's accounting policy has been updated as set out below.

FRS11 'Impairment of Fixed Assets and Goodwill' came into effect during the period with no consequent changes in the Group's accounts.

FRS12 'Provisions, Contingent Liabilities and Contingent Assets' has been adopted. This has given rise to changes in the disclosure on the balance sheet with certain assets and liabilities being grossed up. See notes 18 and 19 for further details.

FRS13 'Derivatives and other Financial Instruments' is effective for this period end. The Group has included the additional disclosures required in note 21 to the accounts.

FRS14 'Earnings per Share' has been adopted and consequently the basis for calculating the EPS shown on the face of the profit and loss account and note 11 has changed accordingly.

Basis of consolidation
The consolidated profit and loss account and balance sheet include the financial statements of the Company and its subsidiary undertakings made up to 4 April, 1999. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the Group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

Goodwill
Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on acquisition , after 5 April, 1998, is recognised as an intangible asset and is written off over its estimated useful life to a maximum of 20 years.

Stocks
Stocks are valued at the lower of average cost and net realisable value. Net realisable value is defined as estimated selling price less all further costs expected to be incurred to disposal.

Tangible fixed assets
The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

In accordance with SSAP 19:
(i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve;
(ii) no depreciation or amortisation is provided in respect of freehold investment properties.
The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made the profit for the financial year would have been decreased by depreciation on the revalued properties of £107,000 (1998: £132,000). Other interests in land and buildings are stated at cost or valuation.

Notes to the financial statements

Full valuations are made by independent professionally qualified valuers at least every five years and in the intervening years these valuations are updated by directors with the assistance of independent professional advice as required. The basis of the valuation is explained in note 15.

Depreciation is calculated so as to write off the cost or valuation of fixed assets, other than land and investment properties, in equal annual instalments, unless otherwise indicated, over their expected useful lives, mainly as follows:

The directors have reviewed the useful lives of assets in the year and this has led to some revisions in depreciation rates. The impact of these changes has not been significant.

Buildings:
- Freehold: 50 years
- Leasehold (over 50 years): 50 years
- Leasehold (up to 50 years): over period of lease

Other fixed assets:
- Hire stock: 15 - 25 per cent reducing balance
  : 33.3 per cent straight line
- Plant, fixtures and office equipment: 12.5 per cent straight line
- Computer equipment: 20 - 33.3 per cent straight line
- Vehicles: 20 - 25 per cent straight line
- Patterns: 25 per cent straight line

Annual transfers are made from revaluation to revenue reserves to adjust for the proportion of depreciation on buildings relevant to revaluation surpluses.

Deferred taxation
Provision is made for deferred taxation, using the liability method, on all material timing differences which the directors consider will give rise to a liability in the foreseeable future.

Finance and operating leases
Tangible fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excess of the lease payments over the recorded lease obligations is treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets. Rental costs under operating leases are charged to the profit and loss account in equal *annual amounts over the periods of the leases.*

Foreign currencies
Transactions in foreign currencies during the year and assets and liabilities in foreign currencies at the balance sheet date are translated at rates of exchange obtained on the current and forward currency markets, as appropriate. Gains and losses on exchange are taken to the profit and loss account.

Turnover
Turnover, which is substantially all within the UK, represents the amounts receivable for goods sold and services provided by subsidiary undertakings, excluding intra-group transactions and value added tax.

Pension costs
The profit and loss account is charged with the regular pension cost, which is a substantially level percentage of the current and expected future pensionable payroll based upon current actuarial assumptions. Variations in regular cost are amortised *over the expected remaining service lives of the current employees. Any differences between the amounts contributed and* the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Notes to the financial statements

2 Segmental analysis by class of business

The analysis of the Group's turnover, profit before taxation and net assets, by class of business, is set out below:

			1999			1998
	Turnover £000	**Profit before taxation £000**	**Net assets £000**	Turnover £000	Profit/(loss) before taxation £000	Net assets £000
Continuing activities						
Contracting and hire	**77,538**	**7,412**	**35,282**	73,626	6,796	26,451
Property investments	**851**	**817**	**4,971**	680	(654)	12,561
Central net (liabilities)/assets	**-**	**-**	**(39)**	-	-	147
	78,389	**8,229**	**40,214**	74,306	6,142	39,159
Discontinued activities						
Stockholding and distribution	**-**	**-**	**-**	3,019	(272)	-
Operating activities	**78,389**	**8,229**	**40,214**	77,325	5,870	39,159
Interest		**(487)**	**-**		(472)	-
Tax and dividends		**-**	**(2,568)**		-	(2,083)
Cash less loan notes and finance leases		**-**	**718**		-	(3,959)
Net deferred consideration (payable)/receivable		**-**	**(464)**		-	26
Total Group		**7,742**	**37,900**		5,398	33,143

Net operating assets include tangible fixed assets, stocks, and debtors and creditors arising on operating activities.

Property investments profit/(loss) before taxation includes an exceptional profit of £372,000 (1998: Loss £980,000).

3 Cost of sales and other operating income and expenses

			1999			1998
	Continuing £000	**Discontinued £000**	**Total £000**	Continuing £000	Discontinued £000	Total £000
Turnover	**78,389**	**-**	**78,389**	74,306	3,019	77,325
Cost of sales	**(43,200)**	**-**	**(43,200)**	(42,300)	(2,335)	(44,635)
Gross profit	**35,189**	**-**	**35,189**	32,006	684	32,690
Distribution costs	**(21,052)**	**-**	**(21,052)**	(19,369)	(744)	(20,113)
Administrative expenses	**(6,280)**	**-**	**(6,280)**	(6,495)	-	(6,495)
Operating profit/(loss)	**7,857**	**-**	**7,857**	6,142	(60)	6,082

Notes to the financial statements

4 Exceptional operating costs

	1999 £000	1998 £000
Vacant property provisions	-	980

5 Exceptional items

	1999 £000	1998 £000
Loss on disposal of businesses		
- net tangible assets	-	212
Profit on disposal of fixed assets		
- sale of investment properties	372	-
	372	212

No tax arose upon the exceptional gain on sale of investment properties due to capital losses brought forward.

6 Net interest payable and similar charges

	1999 £000	1998 £000
Bank loans and overdrafts	127	314
Debentures and other loans	277	160
	404	474
On finance leases	2	7
On vacant property provision	144	98
	550	579
Less interest receivable on deferred consideration	(38)	(107)
Less interest credit on SSAP 24 prepayment	(25)	-
	487	472

7 Profit on ordinary activities before taxation

	1999 £000	1998 £000
Profit on ordinary activities before taxation is after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	5,555	4,707
Tangible fixed assets held under finance leases	22	50
Amortisation of goodwill	26	-
(Profit)/loss on disposal of tangible fixed assets	(6)	46
Operating lease rentals:		
Plant and machinery	1,889	1,919
Land and buildings	1,487	1,628
Auditor's remuneration for:		
Audit (Company £37,500, 1998: £27,500)	119	103
Other services to the Company and its UK subsidiaries	64	6

In addition £80,000 was paid to the auditors in connection with the acquisition of businesses.
(1998: £79,000 was paid to the auditors in connection with the disposal/acquisition of subsidiary businesses).

Notes to the financial statements

8 Tax on profit on ordinary activities

	1999 £000	1998 £000
UK corporation tax at 31%	**648**	47
Advance corporation tax (recovered)/written off	**(60)**	490
	588	537

The tax charge in the year has been reduced due to the utilisation of tax losses brought forward and a full claim for capital allowances which had either been waived or only partially claimed in previous years.

Tax losses carried forward at 4 April, 1999 amount to £nil (1998: £2,307,000).

9 Company profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the parent Company's profit and loss account has not been included in these financial statements. The parent Company's profit for the financial year was £4,549,000 (1998: £5,847,000).

10 Dividends

	1999 £000	1998 £000
Dividends on equity shares		
Ordinary - Interim paid of 0.5p per share (1998: 0.4p)	**698**	558
- Final proposed of 1.2p per share (1998: 1.0p)	**1,674**	1,395
	2,372	1,953
Dividends on non-equity shares		
Preference 7% paid	**4**	3
	2,376	1,956

11 Earnings per ordinary share

The calculation of earnings per share on the net basis is based on the profit on ordinary activities after taxation and after deduction of dividends in respect of non-equity shares, namely £7,150,000 (1998: £4,858,000) and on 139,506,469 (1998: 139,490,965) ordinary shares, being the number of ordinary shares in issue, and ranking for dividend during the year, excluding those held in the ESOT (1,265,000 ordinary shares). Diluted earnings per share have been calculated on the same profit but on 139,761,349 (1998: 139,630,452) ordinary shares.

An alternative measure of earnings per share, excluding exceptional items, is set out below:

	1999 pence per share	1998 pence per share
Earnings per share (net basis)	**5.1**	3.5
Loss for vacant property provisions	-	0.7
Profit on sale of investment properties	**(0.2)**	-
Loss on disposal of business assets	-	0.1
	4.9	4.3

Notes to the financial statements

12 Director's emoluments

Detailed disclosures of directors' individual remuneration and share options are given in the report of the Remuneration Committee on pages 10, 11 and 12.

	1999 £000	1998 £000
Fees	**58**	55
Salary payments (including benefits in kind)	**550**	537
	608	592

Two of the executive directors who received emoluments in the year had retirement benefits accruing under a defined benefit scheme. The other executive director had retirement benefits arising from company contributions to a personal pension plan.

No director waived emoluments in respect of the year ended 4 April, 1999. (1998: Nil)

13 Employee information

The average monthly number of persons (including executive directors) employed by the Group during the year was:

	1999 Number	1998 Number
By division:		
Contracting and hire	**1,964**	1,870
Stockholding and distribution	-	20
Central	**6**	7
	1,970	1,897

	1999 £000	1998 £000
Staff costs (for the above persons):		
Wages and salaries	**36,215**	31,670
Social security costs	**3,199**	2,823
Pension contributions (note 33)	**879**	911
	40,293	35,404

14 Intangible fixed assets

Group	Goodwill £000
Cost	
At 6 April, 1998	-
Additions (note 26)	2,936
At 4 April, 1999	2,936
Aggregate amortisation	
At 6 April, 1998	-
Charge for the year	26
At 4 April, 1999	26
Net book amount at 4 April, 1999	2,910
Net book amount at 5 April, 1998	-

The goodwill arising on the acquisitions of THK Insulation Ltd, Remflex Covers Ltd and Global Protect Ltd is being amortised over 20 years and the goodwill in respect of Brian Willey (Southern) trade and assets, over 5 years on a straight line basis. These are the periods over which the directors estimate that the underlying businesses acquired are expected to exceed the value of the underlying assets.

Goodwill

The cumulative amount of goodwill resulting from acquisitions which has been written off to reserves, is set out below

	1999 £000
At 6 April, 1998	18,284
Written off in the year	25
At 4 April, 1999	18,309

In accordance with the Group's accounting policy, goodwill arising on acquisitions made after 5 April, 1998 is recognised as an intangible asset, prior to that date all goodwill was written off directly against the special reserve in line with the accounting policy at that time. This goodwill would be charged in the profit and loss account on subsequent disposal of the related business. To date goodwill of £18,309,000 has been written off against the special reserve. The charge of £25,000 in the year is attributable to an adjustment to costs of the purchase of Fincham Industrial Services Ltd on 2 October, 1997.

Notes to the financial statements

15 Tangible fixed assets

					Group
	Land and Buildings *£000*	**Investment Properties** *£000*	**Hire Stock** *£000*	**Plant, Vehicles and Fixtures** *£000*	**Total** *£000*
Cost or valuation					
At 6 April, 1998	5,617	14,665	47,072	2,771	70,125
Purchase of businesses	467	-	-	761	1,228
Reclassification	(13)	13	-	-	-
Additions	134	-	9,443	932	10,509
Revaluation	-	(46)	-	-	(46)
Disposals	-	(7,207)	(4,513)	(30)	(11,750)
At 4 April, 1999	6,205	7,425	52,002	4,434	70,066
Depreciation					
At 6 April, 1998	833	-	30,093	1,823	32,749
Purchase of businesses	11	-	-	93	104
Charge for the year	501	-	4,640	436	5,577
Disposals	-	-	(3,387)	(24)	(3,411)
At 4 April, 1999	1,345	-	31,346	2,328	35,019
Net book value at 4 April, 1999	4,860	7,425	20,656	2,106	35,047
Net book value at 5 April, 1998	4,784	14,665	16,979	948	37,376
Cost or valuation at 4 April, 1999					
Valuation in year	-	7,425	-	-	7,425
Cost	4,860	-	20,656	2,106	27,622
	4,860	7,425	20,656	2,106	35,047

The net book value of tangible fixed assets includes an amount of £67,000 (1998: £44,000) in respect of assets held under finance leases.

Land and buildings classified as investment properties were valued by Lambert Smith Hampton Group Limited, Chartered Surveyors, as at March 1999 on the basis of open market value for existing use.

Notes to the financial statements

15 Tangible fixed assets continued

			Company
	Land and Buildings £000	**Plant, Vehicles, and Fixtures £000**	**Total £000**
Cost or valuation			
At 6 April, 1998	641	213	854
Additions	-	32	32
Intra group transfer	-	(13)	(13)
At 4 April, 1999	641	232	873
Depreciation			
At 6 April, 1998	641	141	782
Charge for the year	-	26	26
Intra group transfer	-	(1)	(1)
At 4 April, 1999	641	166	807
Net book value at 4 April, 1999	-	66	66
Net book value at 5 April, 1998	-	72	72

If investment properties had not been revalued they would have been included at the following amounts:

	Group Investment Properties	
	1999 £000	1998 £000
Cost	**2,649**	6,307
Aggregate depreciation based on cost	**(1,085)**	(2,181)
Net book value based on cost	**1,564**	4,126

Investment properties at net book value comprise:		
Freeholds	**7,100**	11,044
Long leaseholds	**325**	3,621
Short leaseholds	-	-
	7,425	14,665

Notes to the financial statements

16 Fixed asset investments

a) Investment in subsidiary undertakings

	Shares £000	**Loans £000**	**Company Total £000**
Cost			
At 6 April, 1998	13,304	47,032	60,336
Additions	5,000	1,015	6,015
At 4 April, 1999	18,304	48,047	66,351
Amounts written off			
At 6 April, 1998 and 4 April, 1999	11,179	-	11,179
Net book value at 4 April, 1999	7,125	48,047	55,172
Net book value at 5 April, 1998	2,125	47,032	49,157

The new loans represent funds provided to a wholly owned subsidiary, Bandt Holdings Ltd, as part of the funding for the purchase of shares in THK Insulation Ltd, Remflex Covers Ltd and Global Protect Ltd. The loans are considered long term and bear interest at the average cost of funds to the Group.

Interests in group undertakings

The following information relates to those trading subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the figures of the Group:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by Company Group %	Company %
Kwikform UK Ltd	Great Britain	Ordinary £1 shares	100	-
Fincham Industrial Services Ltd	Great Britain	Ordinary £1 shares	100	-
Bandt Properties Ltd	Great Britain	Ordinary £1 shares	100	-
THK Insulation Ltd	Great Britain	Ordinary £1 shares	100	-
Remflex Covers Ltd	Great Britain	Ordinary £1 shares	100	-
Global Protect Ltd	Great Britain	Ordinary £1 shares	100	-
Brian Willey (Southern) Ltd	Great Britain	Ordinary £1 shares	100	-

All the above companies operate principally in the United Kingdom.

The principal business activities of the trading subsidiary undertakings by class of business, are:

Contracting and hire

(i) Kwikform UK Ltd - the provision of contract scaffolding, the hire and sale of scaffolding and other powered and non-powered access equipment.

(ii) Fincham Industrial Services Ltd - the provision of industrial services including thermal insulation, asbestos removal, contract scaffolding, industrial cleaning and industrial cladding.

(iii) THK Insulation Ltd - the provision of industrial services including thermal insulation, asbestos removal and contract scaffolding.

(iv) Remflex Covers Ltd - manufacturers of removable and flexible insulation covers.

(v) Global Protect Ltd - the provision of industrial services including abrasive blasting, painting and fire protection.

(vi) Brian Willey (Southern) Ltd – the provision of industrial painting services.

Property investments

Bandt Properties Ltd - the management of a portfolio of freehold, long and short leasehold properties.

Notes to the financial statements

16 Fixed asset investments continued

b) Investment in own shares	**Group and Company £000**
Cost	
At 5 April, 1998 and 4 April, 1999	727
Amounts written off	
At 6 April, 1998	145
In year	8
At 4 April, 1999	153
Net book value at 4 April, 1999	574
Net book value at 5 April, 1998	582

In accordance with UITF13, interest free loans made to the Brown & Tawse Employee Share Ownership Trust ("ESOT") to finance the purchase of shares are classified as fixed asset investments. The ESOT was formed on 5 June, 1990 in order to purchase in the open market Bandt plc shares which are then held in trust for employees participating in the 1990 Executive Share Option Scheme. The ESOT has waived the right to dividends on the shares.

At 4 April, 1999 there were 1,265,000 shares (1998: 1,265,000) held by the ESOT, of which 79,883 shares (1998: 366,609) were not held under option.

17 Stocks

	Group	
	1999 £000	1998 £000
Finished goods	**1,457**	1,383
Work in progress	**401**	498
	1,858	1,881

There is no material difference between the value of stocks included in the financial statements and the value of stocks at replacement cost.

18 Debtors

	Group		**Company**	
		Restated		
	1999 £000	1998 £000	**1999 £000**	1998 £000
Amounts falling due after one year:				
Amounts owed by Group undertakings	-	-	**13,409**	10,964
Pension prepayment	**352**	361	**352**	361
	352	361	**13,761**	11,325
Amounts falling due within one year:				
Trade debtors	**19,575**	15,343	-	-
Amounts owed by Group undertakings	-	-	**3,716**	3,882
Dividends receivable from subsidiaries	-	-	**1,308**	3,551
Other debtors	**432**	635	**22**	37
Insurance claims recoverable from insurance policies	**4,600**	5,000	-	-
Prepayments and accrued income	**1,255**	1,167	**114**	58
	25,862	22,145	**5,160**	7,528

Notes to the financial statements

18 Debtors continued

The amounts owed to Bandt plc by Group undertakings have no fixed term of repayment. The directors of the Company and the directors of each of the relevant subsidiary undertakings are in agreement that these amounts are of a long term nature.

The Group has restated its debtors and creditors for 1998 in respect of recognising the gross liability in respect of claims received for injuries or accidents and also showing as a debtor the related amount recoverable under insurance policies. The impact of this policy is to increase the figures in the balance sheet as follows:

	Group	
	1999	1998
	£000	£000
Debtors		
Insurance claims recoverable from insurance policies	**4,600**	5,000
Creditors		
Accruals	**(4,600)**	(5,000)

19 Creditors: amounts falling due within one year

	Group		Company	
		Restated		
	1999	1998	**1999**	1998
	£000	£000	**£000**	£000
Bank loans and overdrafts	**-**	-	**5,058**	480
Loan notes	**2,839**	1,400	**-**	-
Obligations under finance leases	**30**	32	**-**	22
Trade creditors	**8,244**	6,780	**-**	-
Amounts owed to Group undertakings	**-**	-	**36**	54
Corporation tax	**516**	197	**6**	-
Advance corporation tax	**175**	489	**175**	489
Other taxation and social security	**4,454**	2,414	**435**	337
Other creditors	**2,053**	1,334	**328**	150
Accruals	**10,462**	10,776	**328**	281
Dividends payable	**1,877**	1,397	**1,677**	1,397
	30,650	24,819	**8,043**	3,210

In February, 1999 a subsidiary of the Company, Bandt Holdings Ltd, issued £447,000 of loan notes which are redeemable in instalments over the first three years from the anniversaries of completion. In 1998 Bandt Holdings Ltd issued £4,200,000 of guaranteed unsecured loan notes which are redeemable in three equal instalments of £1,400,000 on the first three anniversaries of 2 October, 1997.

Group accruals include claims payable in respect of injuries or accidents as described in the narrative to note 18.

Notes to the financial statements

20 Creditors: amounts falling due after more than one year

	Group		Company	
	1999	1998	**1999**	1998
	£000	£000	**£000**	£000
Loan notes (repayable between one and two years)	**1,808**	2,800	**-**	-
Amounts owed to Group undertakings	**-**	-	**8,804**	6,161
Obligations under finance leases	**-**	3	**-**	-
	1,808	2,803	**8,804**	6,161

The Group's bank provides an overdraft facility. All balances under these facilities are secured by fixed charges on two properties within the Group, and there is a floating charge over all the principal assets of the Group, except for those in Fincham Industrial Services Ltd and the other newly acquired subsidiaries.

Finance leases

The committed net finance lease obligations are:	Group		Company	
	1999	1998	**1999**	1998
	£000	£000	**£000**	£000
In one year or less	**30**	32	**-**	22
Between one and two years	**-**	3	**-**	-
	30	35	**-**	22

21 Financial instruments

The Group's policies in respect of holding financial instruments is set out in the directors report.

The Group aims to cover forward against any financial risk. It does not enter into financial instruments for any other purpose.

The Group has however issued loan notes, in this year and last year, at fixed interest rates as an instrument to part pay for acquisitions.

The Group's cash position is pooled daily and any surplus funds are invested on the money market over appropriate time periods at fixed rates of interest. Group bank overdrafts are payable at the bank's base rate plus the bank's margin.

Interest rate risk profile of financial liabilities

The interest rate risk profile of the Group's financial (assets) and liabilities at 4 April, 1999 was:

	Floating rate £000	**Fixed rate £000**	**Total £000**
Currency			
Sterling – financial assets	**(5,395)**	**-**	**(5,395)**
Sterling – Financial liabilities	-	**4,677**	**4,677**
Sterling – Preference shares	-	**70**	**70**
At 4 April, 1999	**(5,395)**	**4,747**	**(648)**

All of the Group's creditors falling due within one year, except for bank and other borrowings, have been excluded from the above analysis.

Notes to the financial statements

21 Financial instruments continued

Currency	Weighted average interest rate %	Weighted average period for which rate is fixed Years
Sterling – Financial liabilities	6.9%	0.78
Sterling – Preference shares	7.0%	N/A

Floating rate liabilities bear interest rates, based on relevant notional LIBOR equivalents.

In addition to the table on the interest rate risk profile, the Group's provisions of £1,640,000 for vacant properties (note 22) meet the definition of financial liabilities. These financial liabilities are considered to be floating rate financial liabilities as, in establishing the provisions, the cash flows have been discounted and the discount rate is re-appraised to ensure it reflects current market assessments of true value of money and the risks specific to the liability.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities, other than short-term creditors such as trade creditors and accruals, at 4 April, 1999 was as follows:

	Debt £000	**Finance leases £000**	**Other financial liabilities £000**	**Total £000**
Within one year, or on demand	**2,839**	**30**	**631**	**3,500**
Between one and two years	**1,624**	-	**280**	**1,904**
Between two and five years	**184**	-	**512**	**696**
Over five years	**70**	-	**217**	**287**
At 4 April, 1999	**4,717**	**30**	**1,640**	**6,387**

Debt due after five years includes £70,000 in respect of the Company's preference shares. Other financial liabilities include the provisions for vacant leasehold properties of £1,640,000.

Borrowing facilities

The Group currently has an uncommitted borrowing facility.

Fair values of financial assets and financial liabilities

The directors consider that there is no material difference between the fair value of the Group's financial assets and liabilities and the book value disclosed in the tables above.

Notes to the financial statements

22 Provisions for liabilities and charges

Vacant property provision	**Group £000**	**Company £000**
At 6 April, 1998	1,856	350
Utilised in year	(543)	(113)
Interest in respect of net present value adjustment	144	24
Property disposal liabilities	183	-
At 4 April, 1999	1,640	261
Maturity profile of provision:		
Within one year	631	75
Between one and two years	280	48
Between two and five years	512	123
Over five years	217	15
	1,640	261

The vacant property provision includes provisions made for future losses on short leasehold properties. The provision includes an estimate for contingent leasehold property liabilities, in particular likely future losses when current sub-leases come to an end, prior to subletting, and potential dilapidation costs.

Deferred taxation

No provision for deferred taxation is required (1998: £nil)
The net deferred tax asset not recognised in the financial statements comprises:

	Group		**Company**	
	1999 £000	1998 £000	**1999 £000**	1998 £000
Potential assets not recognised				
Deferred capital allowances	**333**	1,250	**36**	45
Other short term timing differences	**745**	846	**124**	116
Tax losses	-	715	-	715
ACT written off	**1,426**	1,632	**1,338**	1,352
	2,504	4,443	**1,498**	2,228

Potential deferred taxation on the unrealised surplus on property valuations, and on capital gains rolled over, is not provided as the Group currently has in excess of £9,000,000 of capital losses carried forward.

23 Called up share capital	**1999 £000**	1998 £000
Authorised:		
190,000,000 ordinary shares of 5p each	**9,500**	9,500
70,250 7% cumulative preference shares of £1 each	**70**	70
	9,570	9,570
Allotted, called up and fully paid:		
140,771,469 (1998: 140,755,965) ordinary shares of 5p each	**7,039**	7,038
70,250 7% cumulative preference shares of £1 each	**70**	70
	7,109	7,108

The preference shares are only entitled to a fixed cumulative preferential dividend at the rate of 7% per annum. The shares are non-voting, unless their dividend is six months in arrears, and have a preferential right to a return of capital on a winding up, together with a premium of 12.5p per share.

Notes to the financial statements

24 Share premium account

	Company 1999 £000
At 6 April, 1998	-
Premium on shares issued in year under share option schemes	3
At 4 April, 1999	3

25 Options in shares of Bandt plc

Under the terms of the Group's Share Option Schemes, options have been granted to purchase ordinary shares and the following options were outstanding at 4 April, 1999:

	Date of grant	Options granted	Price	Period of exercise
1985 Executive Share Option Scheme	22/09/93	19,148	70.5p	23/09/96 - 22/09/03
	04/07/95	228,570	35.0p	05/07/98 - 04/07/05
1990 Executive Share Option Scheme	21/09/92	520,833	48.0p	22/09/95 - 21/09/02
	22/09/93	300,000	70.5p	23/09/96 - 22/09/03
	01/03/99	364,284	28.0p	02/03/02 – 01/03/09
1995 Executive Share Option Scheme	20/12/95	555,263	38.0p	21/12/98 - 20/12/05
	21/06/96	225,000	23.0p	22/06/99 - 21/06/06
	24/06/96	344,265	30.0p	25/06/99 - 24/06/06
	09/07/96	77,500	25.0p	09/07/99 - 08/07/06
	24/06/97	389,830	29.5p	25/06/00 - 24/06/07
	15/12/97	1,264,017	33.5p	16/12/00 - 15/12/07
	08/06/98	1,326,139	39.5p	09/06/01 – 08/06/08
1993 Savings Related Share Option Scheme	22/12/94	17,602	39.2p	01/02/00 - 31/07/00
	16/08/95	596,807	30.6p	01/10/00 - 01/04/01
	13/08/98	1,634,034	31.6p	01/10/01 – 01/04/02

26 Acquisitions

The Company's subsidiary, Brian Willey (Southern) Ltd, acquired part of the trade and assets of Brian Willey Ltd on 27 January 1999. The Company's subsidiary, Bandt Holdings Ltd, purchased the whole of the issued share capital of THK Insulation Ltd and its subsidiary Remflex Covers Ltd on 1 February 1999, and Global Protect Ltd on 23 February 1999. Total consideration for these acquisitions was £3,566,000 of which £2,271,000 was paid at completion, £340,000 was paid in April 1999 and a further £150,000 represents deferred consideration which may become payable dependant on future events. £447,000 was satisfied by the issue of loan notes which are redeemable over a period of up to three years from the anniversaries of the completion dates. There were total acquisition costs of £358,000, and within the net assets acquired were bank loans and overdrafts, less cash, of £282,000. The Group has used acquisition accounting to account for these purchases. No disclosure has been made of the profit and loss results of the individual entities as they are not material.

Notes to the financial statements

26 Acquisitions continued

The assets and liabilities of the acquired businesses are set out below:

	Book value £000	Accounting policy alignment £000	Fair value £000
Fixed assets			
Tangible assets	1,132	(8)	1,124
Current assets			
Stock	39	(2)	37
Debtors	1,374	(74)	1,300
Cash at bank and in hand	12	-	12
	1,425	(76)	1,349
Total assets	2,557	(84)	2,473
Liabilities			
Trade and other creditors	(1,106)	11	(1,095)
Bank loans and overdraft	(294)	-	(294)
Dividends	(200)	-	(200)
Taxation	(111)	39	(72)
Finance leases	(182)	-	(182)
Net assets	664	(34)	630
Goodwill			2,936
			3,566
Satisfied by:			
Cash			2,271
Loan notes			447
Deferred consideration			490
Acquisition expenses			358
			3,566

The fair value adjustments principally relate to the alignment of depreciation rates to those of the Group, and releases of retentions and deferred tax liabilities not required.

Cash outflow in respect of acquisition	£000
Cash paid to vendors	2,271
Acquisition expenses	358
Net overdrafts/loans acquired	282
	2,911

In the year £300,000 deferred consideration was paid to the vendors of Fincham Industrial Services Ltd and £25,000 was also paid in the year as additional acquisition costs.

27 Disposals

Funds of £300,000 received in the year relate to the receipt of deferred consideration from the disposal of Brown & Tawse Steelstock Ltd on 18 July, 1997.

Notes to the financial statements

28 Reserves

Group	**Revaluation reserve £000**	**Special reserve £000**	**Profit & loss account £000**
At 6 April, 1998	10,338	27,979	(12,282)
Goodwill written off in the year	-	(25)	-
Transfer from revaluation reserve to profit and loss account	(4,477)	-	4,477
Retained profit for the year	-	-	4,778
At 4 April, 1999	5,861	27,954	(3,027)

Company	**Capital *reserve* £000**	**Special *reserve* £000**	**Profit & *loss account* £000**
At 6 April, 1998	583	46,263	4,994
Retained profit for the year	-	-	2,173
At 4 April, 1999	583	46,263	7,167

29 Notes to consolidated statement of cash flow

Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	Continuing £000	**Discontinued £000**	**1999 Total £000**	Continuing £000	Discontinued £000	1998 Total £000
Operating profit/(loss)	**7,857**	-	**7,857**	6,142	(60)	6,082
Amortisation of goodwill	**26**	-	**26**	-	-	-
Depreciation of tangible fixed assets	**5,577**	-	**5,577**	4,749	8	4,757
Write down of investment in own shares	**8**	-	**8**	42	-	42
(Profit)/loss on disposal of tangible fixed assets	**(6)**	-	**(6)**	46	-	46
Decrease/(increase) in stocks	**60**	-	**60**	(83)	(128)	(211)
(Increase)/decrease in debtors	**(3,052)**	-	**(3,052)**	(856)	79	(777)
Increase in creditors	**2,996**	-	**2,996**	1,658	258	1,916
(Decrease)/increase in provisions for liabilities and charges	**(543)**	-	**(543)**	530	-	530
Net cash inflow from operating activities	**12,923**	-	**12,923**	12,228	157	12,385

Notes to the financial statements

Reconciliation of net cash flow to movement in net funds

	1999 £000	1998 £000
Increase in cash in period	**5,119**	2,650
Cash outflow from decrease in debt and lease financing	**187**	109
Change in net debt resulting from cash flows	**5,306**	2,759
Other non-cash items:		
Loan notes issued upon acquisition	**(447)**	(4,200)
New finance leases	**-**	(24)
Finance leases transferred on acquisitions	**(182)**	(9)
Movement in net funds/(debt) in the year	**4,677**	(1,474)
Net debt at 5 April, 1998	**(3,959)**	(2,485)
Net funds/(debt) at 4 April, 1999	**718**	(3,959)

Analysis of net funds and movements

	6 April 1998 £000	Cash flow £000	Other non cash changes £000	4 April 1999 £000
Cash in hand, at bank	276	5,119	-	**5,395**
		5,119	-	
Debt	(4,200)	-	(447)	**(4,647)**
Finance leases	(35)	187	(182)	**(30)**
Total	(3,959)	5,306	(629)	**718**

Major non-cash transactions

The purchase of THK Insulation Ltd, Remflex Covers Ltd and Global Protect Ltd were partly funded by the issue of £447,000 loan notes (note 26).

Exceptional item

The exceptional profit, of £372,000, on the sale of investment properties for the year, is incorporated in the cash received figure for the sale of tangible fixed assets in the consolidated statement of cash flow.

30 Capital commitments

	Group	
	1999 £000	1998 £000
Future capital expenditure contracted but not provided for	**2,231**	2,284

31 Contingent liabilities

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
Guarantees given in respect of banking and leasing contracts	**787**	946	-	-

A subsidiary company has given certain warranties and indemnities in respect of the sale of former subsidiary businesses.

Notes to the financial statements

32 Financial commitments

At 4 April, 1999 the Group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 1999 £000	Investment properties 1999 £000	Group Other 1999 £000	Land and buildings 1998 £000	Investment properties 1998 £000	Group Other 1998 £000
Operating leases which expire:						
Within one year	**15**	**10**	**157**	-	96	220
Within two to five years	**194**	**271**	**1,060**	142	91	976
After five years	**252**	**825**	**-**	213	1,084	-
	461	**1,106**	**1,217**	355	1,271	1,196

33 Pension and similar obligations

The Group operates two pension schemes. The older scheme, following the sale of businesses in prior years, covers 8% of scheme members currently employed by the Group and is of the defined benefit type. The second, which commenced on 1 December, 1995 is a defined contribution scheme. This is the scheme open to new employees, and it covers the remaining 92% of scheme members employed by the Group. The assets of the schemes are held in separate trustee administered funds.

The defined benefit scheme, known as the Bandt plc Pension Plan ("the Plan"), was valued as at 5 April, 1998 by an independent qualified actuary, and contributions determined using the projected unit method and the following main assumptions:

- Rate of return on investments 7.0% p.a.
- Salary inflation 5.0% p.a.
- Pension increases 3.0% p.a.

At the date of the valuation, the total market value of the Plan's assets was £20.6 million, after making provision for bulk transfer payments payable in respect of the sales referred to above, and the actuarial value of the assets was sufficient to cover 119% of the benefits that had accrued to members at that date, after allowing for assumed future increases in earnings. On the advice of the actuary, the contribution rate was reduced with effect from November 1998 to a rate to eliminate the surplus over the average remaining service life of the employees anticipated to be members of the Plan at April 1999.

The pension cost for the year for the defined benefit scheme was £61,000 (1998: £38,000). Debtors at the year end include a prepayment of £352,000 (1998: £361,000) representing the unamortised remainder of the excess of contributions over accumulated pension costs.

The pension cost for the defined contribution scheme was £748,000 (1998: £797,000), representing the contributions payable for the year. Outstanding contributions payable at 4 April, 1999 amounted to £100,000 (1998: £125,000).

Pension costs	**1999 £000**	1998 £000
Defined contribution scheme	**748**	797
Defined benefit scheme	**61**	38
Other pension arrangements	**60**	76
	879	911

Group financial record for the five years ended 4 April, 1999.

	1999 £000	1998 £000	1997 £000	1996 £000	1995 £000
Turnover					
Continuing operations	**78,389**	74,306	64,015	44,180	-
Discontinued operations	-	3,019	56,664	76,784	75,972
	78,389	77,325	120,679	120,964	75,972
Operating profit/(loss)					
Continuing operations	**7,857**	6,142	4,307	4,559	-
Discontinued operations	-	(60)	(1,427)	(616)	(952)
	7,857	6,082	2,880	3,943	(952)
Exceptional items	**372**	(212)	(6,328)	-	(134)
Profit/(loss) on ordinary activities before interest	**8,229**	5,870	(3,448)	3,943	(1,086)
Net interest payable	**(487)**	(472)	(1,372)	(1,721)	(1,335)
Profit/(loss) before taxation	**7,742**	5,398	(4,820)	2,222	(2,421)
Taxation	**(588)**	(537)	(412)	(280)	26
Profit/(loss) after taxation	**7,154**	4,861	(5,232)	1,942	(2,395)
Per ordinary share:					
Earnings/(loss) (net basis)	**5.1p**	3.5p	(3.7)p	1.7p	(7.4)p
Dividends	**1.7p**	1.4p	1.1p	0.8p	-

	1999 £000	1998 £000	1997 £000	1996 £000	1995 £000
Net assets employed:					
Fixed assets	**38,531**	37,958	34,609	35,792	19,732
Net current assets (excluding cash and borrowings)	**291**	1,000	6,070	19,172	14,932
Net cash/(borrowings)	**718**	(3,959)	(2,485)	(15,374)	(15,633)
Provisions for liabilities and charges	**(1,640)**	(1,856)	(1,228)	(251)	(1,027)
Total shareholders' funds	**37,900**	33,143	36,966	39,339	18,004
Net assets per ordinary share	**26.9p**	23.5p	26.3p	27.9p	55.3p
Gearing	-	12%	7%	39%	87%
Average number of employees	**1,970**	1,897	2,210	2,280	698

Notes

Gearing is calculated as borrowings (cash less bank loans and overdrafts, loan notes, finance lease and hire purchase obligations) as a percentage of closing shareholders' funds.