

# Solid system for house builds

Carlow's Burren Precast Concrete is growing fast by building homes fast, writes Trish Dromey

With patent-pending technology which allows it to manufacture a modular home at its factory in a day, and erect a property on site in just four days, Carlow company Burren Precast Concrete believes it can help solve the housing crisis.

Company founder and chief executive Enda Byrne said the company's "advanced, innovative building system" can be used to erect a home in a quarter of the time required for a conventional build.

"We have developed a panelised system which uses light gauge steel precast concrete panels with an insulated core," he said, explaining that existing systems for modular home construction use plain concrete panels without insulation which require further substantial work to be carried out on site.

"Ours is the most advanced system on the market. It can be used to build homes faster and more cost-effectively and is a game-changer for the residential market," he said.

Set up two years ago to provide precast water tanks for flood alleviation, Burren Precast has started work on the first phase of a 198 social and affordable homes in Carlow.

"We are manufacturing the houses now and expect to be on site in July, building 60 this year and 138 next year," said Mr Byrne, who is also in negotiations with two large UK house developers and an Irish developer.

Burren Precast, which recently won the best export award at the National Enterprise Awards, was set up with co-founder Mj Lomax. They had identified a gap in the UK market for a company which could design, manufacture and install large precast water retention tanks for reservoirs and flood alleviation schemes.

Using their own funding for both research and development and the conversion of a steel factory into a precast concrete facility, they started with five full-time staff and 10 subcontractors.

"We developed an innovative and unique technology which allows us to tailor make modular tanks to suit customer needs," said Mr Byrne, adding that their products comply with the Eurocode standard.

## Pádraig Hoare: The Monday Interview



Limerick lawyer Rosanne McDonnell believes the Republic could become an important European art business centre if it were to seize the opportunities presented by Brexit, writes Pádraig Hoare

Brexit may have thrown many Irish industries into the throes of uncertainty but for Limerick lawyer Rosanne McDonnell, who specialises in the business of art, the picture could not be more clear.

Ms McDonnell who is behind the Art Business Summit at Adare Manor next week believes the Republic could become an important European art business centre if it were to seize the opportunities presented by Britain's departure from the EU.

The event sees prominent people from mainland Europe, the UK, and the US, all involved in the art business mixing with Irish tax, law and wealth management advisers.

It hopes to provide insights for advisers to help clients investing in the international art market.

According to Art-price.com, some artwork has delivered an average annual return of almost 9% since 2000.



Rosanne McDonnell: It is not just a financial investment, but also an emotional one. With art and antiques, it is a passion and interest for people, and not only about money. It is about longevity — that is where the word legacy comes in because it is leaving a legacy for the next generation outside of property. Picture: Alan Place

## Selling art as a business investment

"Currently a lot of the American galleries like the Marian Goodman Gallery and the Gagosian will have their main storage facilities in London. Brexit will make it more costly to store and ship art through London, as their European base.

"We have Maurice Ward Art Handling, a fantastic company here in business for 50 years with a state-of-the-art storage facility in Dublin that is newly built, and they are in the final stages of their storage facility in Shannon, basically to support these US, Chinese and Russian galleries that would be using London as their European hub, to now move the art through Ireland," said Ms McDonnell.

It is likely that Brexit will make the movement of art between the UK and EU more burdensome and costly, she said.

As an English speaking EU nation, we are ideally placed to become a gateway between Europe and the US but only if the tax regime and storage facilities are right, she added.

Detractors who point out there is little advantage to the economy in

becoming a haven for rich art collectors flying in for the conference, according to Ms McDonnell.

"Of course there is going to be additional logistical support that will be required. There will be more employment, with local expertise in the Shannon area required, for example. Also from a business point of view for the galleries and dealers in Ireland, there will be more connectivity with their US counterparts. That will also have a positive effect.

"We have a lot of international guests flying in for the conference, including some of our American guests who are finding their family roots. They're spending the week here, reconnecting with relations. It has a knock-on effect. It's great to be able to put Ireland on the map globally when it comes to art investment," she said.

The conference will bring together investors and art experts, according to the West Limerick native.

"With art and antiques, you are looking at the long-term return. What I mean is that it is like a piece of jewellery. You buy an engage-

ment ring in a jewellers and if you go to sell it 12 months later, you may not make much money on it. But if you mind it, and keep all the relevant documentation over a decade or two, the long-term investment would have a lot more of a beneficial impact for the owner. That is how art works also.

"One of the main things is to be as knowledgeable as you can. Like the diamond ring, you need to know the quality. It's the same with art, you need to make sure to have the right knowledge for your financial investment, whether that is €500,000 or €5,000.

"It's like anything -- caveat emptor, it does pay to be prudent at the beginning. We don't seem to have that knowledge for individuals who are interested in the area. A lot of the conferences I have gone to abroad are very much focused on the business professional, which is great, but there isn't that same conference geared towards individuals who are interested and passionate.

"They don't have to be collectors today, but it is good for them to have the knowledge if they do want to

proceed down that route in years to come, or for the next generation that they have something outside of property. There is a line that says the Swiss buy art like the Irish buy property. It's about looking at our collectibles in a different light, and with a bit more time, consideration and value into that too," said Ms McDonnell.

Managing director of deVeres Auction House, John de Vere White, who is sponsoring the Adare Manor event, claims the prices of art and antiques rise in recessions.

Ms McDonnell said: "Diversity with property and antiques and art does pay off in the long-term. If it is the case that the markets do fall somewhat in property, you have another diverse investment to which you can revert.

"It is not just a financial investment, but also an emotional one. With art and antiques, it is a passion and interest for people, and not only about money. It is about longevity -- that is where the word legacy comes in because it is leaving a legacy for the next generation outside of property."



Enda Byrne: Building system a game changer.

Starting by targeting housing developers in the UK, the company got its first order to design, build, and install a large tank for storm-water at Whitby Bay, in early 2016.

The following year the company targeted the UK's 12 water companies.

It has since completed 109 projects, including a large flood alleviation scheme in 2017 in Birmingham.

Mr Byrne said that in its first year the company greatly exceeded its targeted turnover of €1.6m.

"By June 2017 we had sales of over €5m and for the year ending in June 2018 we expect to increase this to €7m," he said.

It was during 2017 that the company began to investigate the possibility of manufacturing modular homes. "We saw a market opening for a company which could make cost-effective homes at a rapid rate as well as an opportunity to cross sell modular homes to some of our existing customers.

Carrying out research and development, the company combined modular technology from New Zealand and Australia with its own.

"We have now applied for patents on both our building technology and our method of production," said Mr Byrne.

Supported by Carlow Local Enterprise during 2017, Burren Precast converted a building at its facility into a factory for modular home production.

It employed four more people bringing the staff numbers to 15 and also increased its subcontracted workers to 40.

Following the construction of its first development in Carlow, the company expects to achieve rapid growth in the residential sector.

"In order to roll out sales in Northern Europe we plan to open a sales office in Brussels in the next two years focusing on markets in Belgium, Holland, Germany, and France," said Mr Byrne. The goal is to achieve a €10m turnover in two to three years and to establish the company as market leaders for both modular housing and precast water tanks in the UK and Ireland.

## How to audit the auditors still unclear

This weekend, several hundred people employed on building sites operated by the Longford-based Sammon Group are facing into an uncertain future after the contractor was put into liquidation as a direct result of the collapse earlier this year of the UK-based Carillion Group.

Sub-contractors are also pondering their situation as the ripple wave effects spread out.

Meanwhile, the lawyers sharpen their pens and ready their tongues.

Many more people in the education sector — parents, students, and teachers, woke to discover that brand new schools they thought would open in the autumn will instead be out of bounds for an indefinite period, while the mess is sorted out.

The words Carillion and fiasco are now joined closely at the hip as commentators and politicians survey the wreckage left behind them by a management team which flew like the fabled Icarus far too close to the sun.

By mid-2017, it was clear that the wings were melting and the group would be soon falling back down to earth with a bang.

Just months earlier, Carillion had reported profits of £150m (€171m) and everything appeared in apple-pie order. The accounts, after all, had been signed off by KPMG, one of the Big Four firms of accountants.

KPMG was paid £1.5m a year for its auditing work by Carillion.

Another of the Big Four, PwC, acted as pensions consultant.

It emerged eventually that the deficit in the Carillion pension fund had grown massively.

As we approach the 10th anniversary of the collapse of Lehman Brothers and the point at which the true extent of the global financial crash was clear, we were treated to a sharp reminder in the form of a jury verdict in the trial involving former Anglo Irish Bancorp chief executive David Drumm.

Mr Drumm was found guilty of conspiracy to defraud and false accounting. He now awaits sentencing.

The Anglo Irish collapse will end up costing the Irish taxpayer at least €28bn.

Questions naturally have been raised about the firm, Ernst & Young, which signed off on its accounts.

The Irish Bank Resolution Corporation, or IRBC, which took over the failed lenders Anglo Irish and Irish Na-

Ten years after the banking crisis, Kyran Fitzgerald explains why the collapse of the UK-based Carillion Group has once again resulted in external auditors facing increased scrutiny



UK-based Carillion Group had reported profits of £150m (€171m) in early 2017, however, by mid-year it emerged that the deficit in the Carillion pension fund had grown massively.

tionwide Building Society, initiated a lawsuit against Ernst & Young in 2012, not long before IBRC was put into liquidation.

The global crash certainly shone searchlights on the large accounting firms across the globe. Reform of the practices of auditors remains high on the agenda.

Yet the reality is that we had been here before.

Robert Maxwell was left free to plunder the Mirror Group pension fund to the tune of £400m back in 1991. Improvements in corporate governance resulted, but these were clearly not enough.

The collapse of the US energy group Enron, in 2002, created further shock waves.

Closer to home, before the crash,

AIB's financial housekeeping proved repeatedly to be flawed.

Management's treatment of internal auditor whistleblowers attracted much criticism.

After the crash, further scandals have come to light.

In the UK, shoddy accounting practices at Tesco were highlighted in 2014. Profits there were overstated by £263m.

The problems persist and new remedies are touted.

Campaigners have favoured mandatory auditor rotation, aimed at tackling overly-cosy relationships between auditor and client, and a break up of the Big Four accountancy stranglehold: The Big Four control 97% of the audit business of UK listed companies.

Other suggested remedies include the

overhaul of outside regulation and the introduction of new accounting standards aimed at ensuring more realistic provisions for future losses on loan books.

Auditors are expected to ensure that the accounts of their client are "free of material misstatement".

They are expected to be on the lookout for signs of fraud.

But some critics insist that unless clients are prepared to cough up more in fees, they should not be expected to engage in forensic accounting which requires much greater resources and expertise.

However, shareholders and creditors beg to differ.

Critics argue that relations between client and auditor are often too long lasting and costly.

The EU has introduced a requirement — which applies from 2020 — for companies to change their auditor after 10 years (though there is room for extensions in limited cases).

However, some US experts are highly critical of the idea of auditor rotation, arguing that far from promoting greater objectivity through a refreshing of audit personnel, it will produce the opposite effect.

These critics point out that by forcing audit firms to enter into contests to secure audit business under the rotation, the weakness of the auditor relative to the client will be exacerbated and even more emphasis placed on sales considerations.

Moreover, a new auditor can take years to gain a real grasp of what are often complex client businesses.

Studies indicate that rotation results in increases in audit costs ranging from 20% to 40%, not including the initial cost of tendering for the new business.

Audit reform arguably should go hand in hand with more emphasis on better internal audit controls and improved corporate governance.

Yale University academic Shyam Sunder has, ironically, blamed the upsurge in audit failure on a post-1980 slump in audit prices.

He has proposed an integration of the corporate insurance and audit functions while arguing that taxation and financial reporting should also be integrated.

Others favour stronger public regulation with improved vetting of senior appointments.

Institutional shareholders need to demand much greater financial transparency from stockmarket-listed companies.

Private companies, however, cannot be allowed away scot-free, given the havoc and competitive distortions that can result where work is not properly priced due to sheer incompetence and overaggressive management-led expansionism, as was the case in Carillion.

At the end of the day, one thing is clear: The financial policeman's lot is not always a happy one.