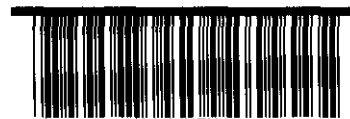


# Keane Limited

## Report and Accounts

31 December 1999

*Registered Number: 1641088*



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# Keane Limited

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Registered No. 1641088

## **DIRECTORS**

Mrs I N Brown  
R J Davies  
J F Keane  
J F Keane jnr  
B T Keane

## **SECRETARY**

Position vacant

## **AUDITORS**

Ernst & Young  
One Colmore Row  
Birmingham  
B3 2DB

## **BANKERS**

Lloyds Bank plc  
125 Colmore Row  
Birmingham  
B3 3AD

## **SOLICITORS**

Wragge & Co  
55 Colmore Row  
Birmingham  
B3 2AS

## **REGISTERED OFFICE**

Lion House  
Oscott Road  
Witton  
Birmingham  
B6 7UH

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DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

**RESULTS AND DIVIDENDS**

The company's profit on ordinary activities for the year ended 31 December 1999 after taxation amounted to £1,588,148 (1998: £2,338,986). The directors have declared a total dividend of £Nil (1998: £2,399,657) to be paid to its parent company Keane Europe Limited, leaving £1,588,148 (1998: £(60,671)) to be transferred to reserves.

Cumulative accrued dividends on the 8% cumulative redeemable preference shares amounted to £340,000 (1998: £300,000), these have been waived by the shareholder.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

Keane Limited is one of the UK's leading IT solutions firms, helping clients Plan, Build and Manage application software for business advantage. The company is focused on providing tangible business benefit to clients. This is achieved by providing full life cycle services.

Keane Ltd provides services to major corporates with business specialism and focus, specifically on the Insurance, Financial Services and Utilities sectors. Services in 'Plan' include business operation improvement planning, IT operational improvement and IT strategy planning. With 'Build', application development specialisms are Workflow and Imaging, e-Commerce and Customer Relationship Management. 'Manage' focuses on Application Management utilising the SEI Capability Maturity Model to ensure cost reductions and service level improvements for clients.

The company has significantly improved its ability to serve its customer base through a series of strategic initiatives undertaken in 1999:

- An acquisition of an e-Solutions company to springboard the company into this key growth market. This provides the company with solid references, skills and methodologies in e-Architecture and development which, coupled with existing business expertise, is a sound foundation to grow this business area in 2000.
- Investment in skills and product knowledge in the fast growing Customer Relationship Management area in anticipation of significant revenue growth for 2000.
- A programme of reskilling staff with legacy skills in the newer technologies to meet the demand profile for the future. In addition staff development across the board including extensive skilling in Keane's own productivity management for the effective delivery of projects, application management methodologies, in addition to management coaching skills programme and other soft skills programmes.
- A shift in focus to fully managed projects resulted in a significant reduction in revenue in non-core supplemental staffing assignments. This has allowed the company to focus on where it adds most value to clients in delivering business benefit from IT implementation.

These initiatives, coupled with a significant contract cancellation and a contract non-renewal (one as a result of customer merger activity and the other regulatory cost pressures), resulted in no revenue growth in the year despite an acquisition.

The company consolidated and invested through this period to position itself at the start of 2000 both stronger and more focused.

## DIRECTORS' REPORT

### ACQUISITION OF BUSINESS

On 6 May 1999, the assets and liabilities of Parallax Solutions Limited, a company owned by Keane UK Limited, the common parent, were transferred into Keane Limited at their fair value. The details of this transaction are shown in note 9 to the Accounts. The Profit and Loss Accounts shows the split of the results for the two entities although in fact they traded as one company since the date the assets were transferred.

The results for the year show a decrease in both revenue and profitability for the continuing business from those experienced during 1998. The principal reason for this was the loss of two substantial contracts early during the course of the year.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

Mrs I N Brown

R J Davies

J F Keane

J F Keane Jnr

B T Keane

C G Powell (Appointed 1 January 2000, Resigned 7 July 2000)

P G Woodcock (Appointed 23 February 2000)

The directors hold no interest in the shares of the company at 31 December 1999.

The holdings of the directors in the ultimate parent company are disclosed in that company's accounts.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year insurance was maintained for directors and officers of the company against certain liabilities which they might incur personally.

### FIXED ASSETS

Changes in tangible fixed assets are as set out in note 10 to the financial statements.

### EMPLOYEES

An open style of communication operates throughout the company. Staff communication occurs through a formal Team Brief mechanism and structured company-wide meetings geared to providing staff with a good understanding of the strategy and performance of the company.

Staff are encouraged to contribute their ideas and views on the operation and direction of the company both informally and through topic based workshops.

The company is a holder of Investors in People status.

### EQUAL OPPORTUNITIES

The company is committed to a policy of equal opportunity regardless of age, sex, sexual orientation, disability, marital status, race, colour or ethnic or national origin.

Procedures and criteria in respect of recruitment, promotion, transfer and training are based on this policy of equal opportunity, and judgements as to suitability are made on the basis of the relevant merits and abilities of the individual.

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DIRECTORS' REPORT

**CREDITOR PAYMENT POLICY AND PRACTICE**

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 1999, the company had an average of 19 days purchases outstanding in trade creditors.

**YEAR 2000**

Prior to 31 December 1999, steps were taken to review computer and date dependent systems critical to the company's ongoing operations and preparation of financial information to establish the impact, if any, which the Year 2000 might have on the accuracy of their calculations, processing and reporting. Although in the future it is not possible to guarantee that no Year 2000 problems remain, the company believes that its internal systems are Year 2000 compliant.

The company continues to address the business risk from third parties with whom it deals on business or financial matters, including key customers and suppliers. Contingency plans have been developed to minimise the risk of disruption. No significant disruption has occurred to date.

Although the millennium date change has passed and no significant problems have been encountered, the directors recognise that there is still a risk of Year 2000 impacting the business but do not expect this to be significant.

**AUDITORS**

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



I N Brown  
Director

20 June 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**  
**to the members of Keane Limited**

We have audited the accounts on pages 7 to 18, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

**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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

Ernst & Young  
Registered Auditor  
Birmingham

20 June 2000

# Keane Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

	Notes	Continuing Operations £	Goodwill £	1999 £	1998 £
<b>TURNOVER</b>					
Continuing		27,774,060	-	27,774,060	34,313,987
Acquisitions		5,985,700	-	5,985,700	-
	2	33,759,760	-	33,759,760	34,313,987
Cost of sales	3	(23,047,015)	-	(23,047,015)	(25,682,885)
<b>GROSS PROFIT</b>		10,712,745	-	10,712,745	8,631,102
Administrative expenses	3	(7,547,457)	(370,001)	(7,917,458)	(5,151,444)
<b>OPERATING PROFIT</b>					
Continuing	4	2,444,074	-	2,444,074	3,479,658
Acquisitions		721,214	(370,001)	351,213	-
				2,795,287	3,479,658
Interest receivable				40,931	60,391
Interest payable	6			(655,070)	(91,797)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				2,181,148	3,448,252
Taxation on profit on ordinary activities	7			(593,000)	(1,109,266)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>				1,588,148	2,338,986
Dividends	8			-	(2,399,657)
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	18			1,588,148	(60,671)

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the financial year of £1,588,148 in the year ended 31 December 1999 and a loss of £60,671 for the year ended 31 December 1998.



# Keane Limited

## BALANCE SHEET at 31 December 1999

	Notes	1999 £	1998 £
<b>FIXED ASSETS</b>			
Intangible assets	9	10,730,022	-
Tangible assets	10	2,619,208	2,062,304
		<u>13,349,230</u>	<u>2,062,304</u>
<b>CURRENT ASSETS</b>			
Stocks	11	177,141	-
Debtors	12	8,235,151	8,050,147
Cash at bank and in hand		3,405,475	1,931,574
		<u>11,817,767</u>	<u>9,981,721</u>
<b>CREDITORS : amounts falling due within one year</b>	13	(6,230,955)	(6,936,161)
		<u>5,586,812</u>	<u>3,045,560</u>
<b>NET CURRENT ASSETS</b>			
		<u>18,936,042</u>	<u>5,107,864</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14	(13,253,360)	(1,013,330)
		<u>5,682,682</u>	<u>4,094,534</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	2,500,000	2,500,000
Profit and loss account	17	3,182,682	1,594,534
	18	<u>5,682,682</u>	<u>4,094,534</u>
<b>Analysis of Shareholders Funds:</b>			
Equity		5,182,682	3,594,534
Non Equity		500,000	500,000
	18	<u>5,682,682</u>	<u>4,094,534</u>

*I. Brown*

I N Brown Director

20 June 2000

NOTES TO THE ACCOUNTS  
at 31 December 1999

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

In accordance with Financial Reporting Standard 1 (revised), the company has not presented a cash flow statement as more than 90% of the voting rights are controlled within the group and the consolidated financial statements in which the company is included are publicly available.

*Depreciation*

Depreciation is calculated so as to write off the cost of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Motor vehicles	-	4 years
Computer equipment and fixtures and fittings	-	2 - 10 years

*Deferred taxation*

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will become payable in the foreseeable future, calculated at the rate at which it is expected to reverse.

*Foreign currencies*

Assets and liabilities denominated in foreign currencies have been translated into sterling at the rate of exchange ruling at the year end. Differences arising on trading transactions in the year are reflected in profit before taxation.

*Pensions*

The company operates both defined contribution and defined benefit pension schemes.

Contributions to the defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' average remaining service lives with the company.

Contributions to the defined contribution scheme are charged in the profit and loss account as they become payable in accordance within the rules of the scheme.

*Leasing*

Assets acquired under hire purchase and finance lease contracts are recorded in the balance sheet as fixed assets at their equivalent capital value and are depreciated over the useful life of the asset. The corresponding liability is recorded as a creditor and the interest element of the amount paid is charged against profits. Payments under operating leases are charged to the profit and loss account as they arise.

*Goodwill*

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities. Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

# Keane Limited

## NOTES TO THE ACCOUNTS at 31 December 1999

### 1. ACCOUNTING POLICIES (continued)

#### Work in progress

Work in progress is stated at the lower of cost, and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

### 2. TURNOVER

Turnover represents amounts invoiced by the company in respect of IT services, excluding value added tax. An analysis of turnover by geographical area is given below:

	1999 £	1998 £
United Kingdom	32,087,480	33,432,023
Rest of Europe	1,263,682	737,185
North America	351,705	118,602
Rest of world	56,893	26,177
	<u>33,759,760</u>	<u>34,313,987</u>

### 3. ANALYSIS OF CONTINUING AND ACQUIRED COSTS

	Continuing £	Acquisitions £	1999 Total £
Cost of sales	19,814,447	3,232,568	23,047,015
Administrative expenses	<u>5,575,539</u>	<u>2,031,918</u>	<u>7,547,457</u>

### 4. OPERATING PROFIT

#### (a) Directors remuneration

	1999 £	1998 £
Salaries and other benefits	234,378	229,745
Pension contributions	<u>26,113</u>	<u>23,576</u>

The emoluments of the highest paid director amounted to £138,472 (1998: £122,248), and accrued pension at 31 December 1999 amounted to £55,000. Two directors were members of the defined benefit scheme (1998: 2).

# Keane Limited

## NOTES TO THE ACCOUNTS at 31 December 1999

### 4. OPERATING PROFIT (continued)

(b) This is stated after charging/(crediting):

	1999 £	1998 £
Profit on disposal of fixed assets	(70,852)	(70,460)
Depreciation of tangible fixed assets - leased	462,371	338,071
- owned	611,022	360,590
Amortisation of goodwill	370,001	-
Auditors' remuneration and expenses - audit	17,510	17,000
- non audit services	6,715	15,180
Hire of plant and equipment	324,718	110,534
Operating lease rentals - land and buildings	762,992	439,447

### 5. STAFF COSTS

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1999	1998
Distribution	18	22
Administration	55	27
Production	355	288
	427	337
The aggregate payroll costs of these persons were as follows:		
Salaries	13,682,368	9,975,267
Social security costs	1,318,645	857,836
Other pension costs	1,111,175	773,224
	16,112,188	11,606,327

### 6. INTEREST PAYABLE

	1999 £	1998 £
Bank loans and overdrafts	2,861	5,178
Finance charges payable under finance leases and hire purchase contracts	109,695	86,619
Group interest payable	542,514	-
	655,070	91,797

# Keane Limited

## NOTES TO THE ACCOUNTS at 31 December 1999

### 7. TAXATION

	1999 £	1998 £
Based on the profit for the year:		
UK corporation tax at 31 % (1997 : 31.5%)	593,000	1,115,000
Prior year over provision	-	(5,734)
	<u>593,000</u>	<u>1,109,266</u>

The unprovided deferred tax asset is analysed as follows:

	1999 £	1998 £
Accelerated capital allowances	120,364	89,280
Other timing differences	26,486	26,486
	<u>146,850</u>	<u>115,766</u>

### 8. DIVIDENDS

	1999 £	1998 £
Ordinary shares	-	2,399,657

Accrued dividends on the 8% cumulative redeemable preference shares of £1 each amounting to £340,000 (1998 : £300,000) have been waived by the shareholder.

# Keane Limited

## NOTES TO THE ACCOUNTS at 31 December 1999

### 9. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i>
Cost:	
Additions	11,100,023
At 31 December 1999	11,100,023
Amortisation	
Charge for the year	370,001
At 31 December 1999	370,001
Net book value at 31 December 1999	10,730,022

Goodwill arose upon the acquisition of the assets, liabilities and trade of Parallax Solutions Limited on 6 May 1999 satisfied by the issue of a loan note of £11,047,017 and the assumption of other liabilities.

Goodwill is being amortised over the directors estimated useful economic life of 20 years.

The assets and liabilities of Parallax Solutions Limited were brought into Keane Limited at their fair value at date of acquisition. The analysis of the acquisition is as follows:

	<i>Book and fair value £</i>
Net Assets acquired	
Tangible fixed assets	250,902
Stock	421,132
Debtors	2,316,385
Cash	(861,050)
Creditors	(2,180,375)
Net liabilities acquired	(53,006)
Goodwill	11,100,023
	11,047,017
Satisfied by	
Loan note	11,047,017

NOTES TO THE ACCOUNTS  
at 31 December 1999

9. INTANGIBLE FIXED ASSETS (continued)

Parallax Solutions Limited earned a loss after tax of £572,601 in the period to 31 December which all arose before 6 May 1999. The summarised profit and loss account for the period from 1 July 1998 to the effective date of acquisition is as follows:

	£
Turnover	7,655,832
Operating loss	981,036
Loss before tax	(995,192)
Taxation	422,591
Loss for the period	(572,601)

There were no recognised gains and losses in the period other than the loss of £572,601 above.

10. TANGIBLE FIXED ASSETS

	Motor vehicles £	Computer equipment and fixtures and fittings £	Total £
Cost:			
At 31 December 1998	2,441,599	4,058,142	6,499,741
Additions	835,577	824,561	1,660,138
Disposals	(362,037)	(5,495)	(367,532)
At 31 December 1999	2,915,139	4,877,208	7,792,347
Depreciation:			
At 31 December 1998	1,142,747	3,294,690	4,437,437
Charge for year	484,695	588,698	1,073,393
Disposals	(334,486)	(3,205)	(337,691)
At 31 December 1999	1,292,956	3,880,183	5,173,139
Net book value			
At 31 December 1999	1,622,183	997,025	2,619,208
At 31 December 1998	1,298,852	763,452	2,062,304

Included within motor vehicles are £1,603,906 (1998: £1,260,186) at net book value of assets held under finance leases. These are included at a cost of £2,783,710 and an accumulated depreciation charge of £1,179,804.

# Keane Limited

## NOTES TO THE ACCOUNTS at 31 December 1999

### 11. STOCKS

	1999 £	1998 £
Work in progress	177,141	-

### 12. DEBTORS

	1999 £	1998 £
Trade debtors	4,704,458	5,281,048
Amounts owed by group undertaking	2,570,606	2,580,631
Prepayments and accrued income	537,496	188,468
Corporation tax	422,591	-
	<u>8,235,151</u>	<u>8,050,147</u>

### 13. CREDITORS: amounts falling due within one year

	1999 £	1998 £
Obligations under finance leases (note 15)	513,353	452,785
Trade creditors	1,168,072	2,310,587
Amounts owed to group undertakings	542,514	-
Current corporation tax	337,536	1,022,607
Other taxes and social security costs	1,410,701	826,288
Accruals and deferred income	2,258,779	2,323,894
	<u>6,230,955</u>	<u>6,936,161</u>

### 14. CREDITORS: amounts falling due after more than one year

	1999 £	1998 £
Obligations under finance leases (note 15)	1,379,596	1,013,330
Amounts owed to group undertakings	11,873,764	-
	<u>13,253,360</u>	<u>1,013,330</u>

Included in amounts owed to group undertakings is £11,047,017 subject to a Fixed Rate Promissory Note repayable in 2009. The loan note carries interest at 7.5% per annum payable in arrears on each anniversary.



# Keane Limited

## NOTES TO THE ACCOUNTS at 31 December 1999

### 15. OBLIGATIONS UNDER FINANCE LEASES

	1999 £	1998 £
Amounts payable:		
within one year	513,353	554,722
within two and five years	1,379,596	1,174,596
	<u>1,892,949</u>	<u>1,729,318</u>
Less: finance charges allocated to future years	-	(263,203)
	<u>1,892,949</u>	<u>1,466,115</u>
	1999 £	1998 £
Finance leases are analysed as follows:		
Current obligations	513,353	452,785
Non-current obligations	1,379,596	1,013,330
	<u>1,892,949</u>	<u>1,466,115</u>

### 16. SHARE CAPITAL

31 December 1999 and 31 December 1998

*Allotted, called  
up and fully  
paid*

	No.	Authorised £	No.	£
Equity:				
Ordinary shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
Non-equity:				
8% Cumulative Redeemable Preference shares of £1 each	500,000	500,000	500,000	500,000
	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>

The 8% Cumulative Redeemable Preference Shares of £1 each have the following rights:

#### **Dividends**

The preference shares carry a dividend of 8% payable annually in arrears on 31 December 1999. The dividend rights are cumulative.

#### **Voting**

The preference shares carry no votes at general meetings.

#### **Redemption**

The preference shares are redeemable upon either the admission of ordinary shares to the official list of the London Stock Exchange, Alternative Investment Market of the London Stock Exchange or any other recognised exchange or upon 3 months notice of the shareholders being saved on the company, together with any preference dividend due up to the date of redemption and any interest thereon.

#### **Winding up**

On winding up the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share plus any accrued dividend.

# Keane Limited

## NOTES TO THE ACCOUNTS at 31 December 1999

### 17. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
AT 31 December 1998	1,594,534	1,655,205
Retained profit/(loss) for the year	1,588,148	(60,671)
At 31 December 1999	<u>3,182,682</u>	<u>1,594,534</u>

### 18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
At 31 December 1999	4,094,534	4,155,205
Retained profit/(loss) for the year	1,588,148	(60,671)
At 31 December 1999	<u>5,682,682</u>	<u>4,094,534</u>

### 19. CAPITAL COMMITMENTS

Capital commitments at 31 December 1999, for which no provision has been made in these financial statements, were as follows:

	1999 £	1998 £
Contracted	<u>95,972</u>	<u>237,911</u>

### 20. PENSION COMMITMENTS

The company operates a defined benefit pension scheme for its employees. Assets are held separately from the company in an independently administered fund. Contributions to the Scheme are charged to the Profit and Loss account so as to spread the cost of the pensions over the employees' remaining working lives with the Company. The contributions are determined by an independent qualified actuary on the basis of triennial valuations, using the defined accrued benefit method. The most recent valuation was carried out as at 1 April 1999.

Contributions during the year were paid at a total rate of 13.3% of Pensionable Pay up to 1 April 1999 and 13.9% thereafter. Both figures are inclusive of members' contributions.

Rate of Return of investments:	8.0%
Market value of scheme assets:	£8,637,693
Rate of growth in pensionable salaries:	5.5%
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	95.6%

NOTES TO THE ACCOUNTS  
at 31 December 1999

21. DISCLOSABLE CONTRACTS

There were no disclosable contracts or arrangements between the company and any of its directors, nor were any of the directors materially interested in any contract or arrangement subsisting during or at the end of the year.

22. CONTINGENT LIABILITY

The company has issued a cross guarantee in respect of the bank overdraft and borrowings of Keane UK Limited.

23. LEASING COMMITMENTS

Annual commitments in respect of lease contracts are as follows:

	1999	Other 1998	Land and buildings	
	£	£	1999 £	1998 £
Operating leases which expire:				
Within one year	189,252	-	-	-
Between two and five years	317,336	-	523,339	466,643
In over five years	-	-	410,766	-
	<u>506,588</u>	<u>-</u>	<u>939,105</u>	<u>466,643</u>

24. PARENT UNDERTAKING

The company's immediate parent undertaking is Keane Europe Limited.

The smallest group for which group accounts are prepared is for Keane UK Limited. Copies of which are available from its registered office: Lion House, Oscott Road, Witton, Birmingham B6 7UH.

The company recognises its ultimate parent undertaking as Keane, Inc., incorporated in the USA. A copy of the group financial statements of the ultimate parent undertaking is available from the above address.

25. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption within FRS 8 not to disclose transactions with other group companies.