

KELLER HOLDINGS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
YEAR ENDED 31 DECEMBER 1996

Company Registration No. 2499601



KELLER HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited accounts of the Company for the year ended 31 December 1996.

Activities

The Company acts as an intermediate holding company for its parent company, Keller Group plc.

Results

During the year, the Company had dividend income from its subsidiary undertakings of £3,109,656 (1995: £2,673,248) and made a profit after tax of £3,012,234 (1995: £2,653,393). The total proposed dividend payable for the year is £3,276,000 (1995: £2,968,000) resulting in a transfer from reserves of £263,766 (1995: £314,607).

Directors and their interests

The directors of the Company who served throughout the year were Dr J M West and Mr R P Painting.

At 31 December 1996, Dr J M West held one ordinary share of £1 as a nominee for Keller Group plc.

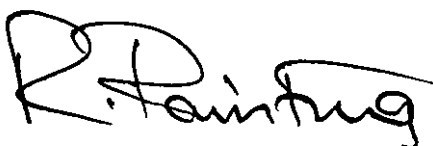
Dr J M West and Mr R P Painting are also directors of the ultimate holding company, Keller Group plc. Their interests in Keller Group plc are disclosed in the accounts of that company.

Directors' responsibilities

The directors are required by law to prepare accounts each year on the going concern basis, unless it is inappropriate to presume that the Company will continue in business, which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss for the year.

The directors are responsible for maintaining adequate accounting records, safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that the accounts have been prepared in accordance with applicable accounting standards and using suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.



R P Painting
Secretary
14 July 1997

AUDITORS' REPORT

TO THE MEMBERS OF KELLER HOLDINGS LIMITED

We have audited the accounts on pages 3 to 7.

Respective responsibilities of directors and auditors

As described on page 1, the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 1996 and of the profit of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit plc
Chartered Accountants
Registered Auditor
London

17 July 1997

KELLER HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

	Note	1996 £	1995 £
Income from shares in subsidiary undertakings	4	3,109,656	2,673,248
Taxation	5	(97,422)	(19,855)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		3,012,234	2,653,393
Ordinary dividends payable on equity shares	6	(3,276,000)	(2,968,000)
		<hr/>	<hr/>
Transfer from reserves		(263,766)	(314,607)
		<hr/>	<hr/>

The Company had no other recognised gains or losses.

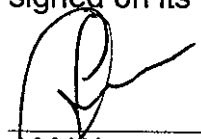
The notes on pages 5 to 7 form part of these accounts.

KELLER HOLDINGS LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 1996

	Note	1996 £	1995 £
Fixed assets			
Investment in subsidiary undertakings	7	<u>9,613,390</u>	<u>9,613,390</u>
Current assets			
Debtors	8	4,520,788	4,798,906
Cash at bank and in hand		<u>9</u>	<u>-</u>
		4,520,797	4,798,906
Creditors: amounts falling due within one year	9	<u>(3,100,468)</u>	<u>(3,114,811)</u>
Net current assets		<u>1,420,329</u>	<u>1,684,095</u>
Net assets		<u>11,033,719</u>	<u>11,297,485</u>
Capital and reserves			
Called up share capital	10	9,613,392	9,613,392
Profit and loss account	11	<u>1,420,327</u>	<u>1,684,093</u>
		<u>11,033,719</u>	<u>11,297,485</u>

These accounts were approved by the Board of Directors on 14 July 1997 and signed on its behalf by:


J M West
Chairman


R P Painting
Director

The notes on pages 5 to 7 form part of these accounts.

KELLER HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

1. Principal accounting policies

(a) Basis of accounting

The accounts of the Company have been prepared under the historical cost convention in accordance with applicable accounting standards. The Company is exempt from the requirement to prepare group accounts as it is itself a subsidiary undertaking (see note 2). These accounts present information about the Company as an individual undertaking and not about its group.

(b) Foreign currencies

Balance sheet items denominated in foreign currencies are translated into sterling at closing rates of exchange at the balance sheet date. Profit and loss and cash flow items are translated at the rate in operation on the date which the transaction occurred. However, where amounts receivable or payable in foreign currencies are covered by forward contracts, the contract rate of exchange is used.

Exchange differences arising on the retranslation of balance sheet items are taken to the profit and loss account.

2. Parent undertaking

Keller Holdings Limited is a wholly owned subsidiary undertaking of Keller Group plc, a company registered in England & Wales. Copies of the group accounts of Keller Group plc may be obtained from: The Secretary, Keller Holdings Limited, Aztec House, 397-405 Archway Road, London N6 4EY.

3. Operating costs

The Company has no employees and its directors receive no emoluments. The audit fee is borne by the ultimate holding company.

4. Income from shares in subsidiary undertakings

	1996 £	1995 £
Dividends receivable from:		
Keller Holding GmbH	1,161,215	1,376,147
Keller Foundations Inc	1,948,441	1,297,101
	<u>3,109,656</u>	<u>2,673,248</u>

KELLER HOLDINGS LIMITED

NOTES TO THE ACCOUNTS continued

5. Taxation	1996 £	1995 £
Taxation based on ordinary activities for the year was:		
UK corporation tax @ 33%	1,996,546	1,725,480
Double tax relief	(1,996,546)	(1,725,480)
Overseas tax	97,422	19,855
	<u>97,422</u>	<u>19,855</u>

6. Dividends	1996 £	1995 £
Ordinary dividends on equity shares payable to parent undertaking:		
Interim paid	1,092,000	980,000
Final proposed	2,184,000	1,988,000
	<u>3,276,000</u>	<u>2,968,000</u>

7. Investment in subsidiary undertakings	1996 £	1995 £
Cost	<u>9,613,390</u>	<u>9,613,390</u>

In 1994, the Company purchased the entire share capital of two related group companies, Keller Holding GmbH (incorporated in Germany), and Keller Foundations Inc (incorporated in the USA), from its parent, Keller Group plc. The consideration of £9,613,390 was satisfied by the issue and allotment of 9,613,390 ordinary shares of £1 each in the Company credited as fully paid.

8. Debtors	1996 £	1995 £
Due from subsidiary undertakings	3,109,656	3,594,906
Due from parent undertaking	95,132	-
Advance corporation tax recoverable	1,316,000	1,204,000
	<u>4,520,788</u>	<u>4,798,906</u>

Included in the advance corporation tax recoverable balance is an amount falling due after more than one year of £546,000 (1995: £497,000).

KELLER HOLDINGS LIMITED

NOTES TO THE ACCOUNTS continued

9. Creditors: amounts falling due within one year	1996	1995
	£	£
Bank overdraft	46	182
Dividend payable to parent undertaking	2,184,000	1,988,000
Other amounts owed to parent undertaking	-	319,774
Advance corporation tax payable	819,000	742,000
Overseas withholding tax payable	97,422	64,855
	<u>3,100,468</u>	<u>3,114,811</u>
 10. Equity share capital	 1996	 1995
	£	£
Ordinary shares of £1 each:		
Authorised	<u>9,613,392</u>	<u>9,613,392</u>
Allotted, called up and nil paid	2	2
Allotted, called up and fully paid	<u>9,613,390</u>	<u>9,613,390</u>
	<u>9,613,392</u>	<u>9,613,392</u>
 11. Shareholders' funds		
	Called up share capital £	Profit & loss account £
		Total shareholders' funds £
At 1 January 1996	9,613,392	1,684,093
Profit and loss account deficit for year	-	(263,766)
At 31 December 1996	<u>9,613,392</u>	<u>1,420,327</u>
		<u>11,033,719</u>