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Keller Group..........International Geotechnical Contractors

Report and Accounts 1992

KELLER

Contents page

The directors present their annual report and audited accounts for the year ended 31st December 1992.

Principal activities

The Company acts as a holding company and its principal subsidiaries are engaged in specialist geotechnical engineering and contracting.

Business review

The operations of the Group are reviewed in detail on pages 4 to 17.

Results and dividends

The results for the year are set out on page 20 of the accounts. After charging dividends of £1,567,000 the retained profit of the Group for the year transferred to reserves at 31st December 1992 was £1,014,000.

Fixed assets

The movements in fixed assets are disclosed in note 8 to the accounts. In the opinion of the directors, the market value of freehold and short leasehold properties does not differ significantly from the value at which they are included in the balance sheet.

Directors and directors' interests

The directors who served throughout the year were:

† Sir Thomas Macpherson
J.M. West
T. Dobson
K. Kirsch
M.W.C. Martin
R.P. Painting
† G.D. Fairservice

Apart from service contracts, there were no contracts or arrangements subsisting during or at the end of the year either with the Company or with any of its subsidiaries in which a director was or is materially interested.

The beneficial interests of directors in the ordinary share capital of the Company at 31st December 1992 were:

	At 31st December 1992 Shares	At 1st January 1992 Shares
† Sir Thomas Macpherson	–	–
J.M. West	15,000	15,000
T. Dobson	7,500	7,500
K. Kirsch	7,500	7,500
M. W. C. Martin	7,500	7 500
R.P. Painting	5,250	5,250
† G.D. Fairservice	–	–

† Non-executive directors

Dorwells Limited, a wholly-owned subsidiary of the Company, is the trustee of an employment benefit trust established to acquire, hold and transfer shares in the Company to or for the benefit of employees (including executive directors of the Group). The trust is discretionary and as such all of the executive directors had an interest in all of the shares from time to time held by Dorwells Limited in the trust.

At 31st December 1992 Dorwells Limited held 2,025 10p ordinary shares in the Company (1991 nil shares).

Political & charitable contributions
No contributions were made to any political party during the year. Donations made in the UK for charitable purposes were £2,200.

Employee involvement
Subsidiaries throughout the Group have developed their own employee involvement and communications programmes. Communications programmes incorporate a financial report for employees and regular briefings by senior executives to small groups of employees covering the financial performance of the Group and the individual company. Employees are encouraged to put forward suggestions and comment on any issues likely to affect their interests.

Disabled persons
It is the policy of the Group to employ and train disabled people wherever their skills and qualifications allow and when suitable vacancies are available. Disabled employees are given encouragement to undertake training and career development to enable them to be considered for promotion. Should existing employees become disabled, every effort is made to find appropriate work and training if necessary.

Taxation status
In the opinion of the directors, the Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Liability insurance for Company officers
As permitted by the Companies Act 1985, the Company has maintained insurance cover for the directors against liabilities arising in relation to the Company and its subsidiaries.

Auditor
In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditor to the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

R. Painting

R. P. Painting
Secretary

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Consolidated profit and loss account

for the year ended 31st December 1992

	Note	1992 £'000	*1991 £'000*
Turnover	2	131,875	*113,558*
Surplus on trading	3	7,281	*6,326*
Net interest payable	5	(1,126)	*(1,221)*
Profit on ordinary activities before taxation	2	6,155	*5,105*
Taxation	6	(3,372)	*(3,364)*
Profit on ordinary activities after taxation		2,783	*1,741*
Minority interests		(202)	*(184)*
Profit for the financial year		2,581	*1,557*
Dividends	7	(1,567)	*(1,467)*
Retained profit for the financial year	16	1,014	*90*

Statement of total recognised gains and losses

for the year ended 31st December 1992

Profit for the financial year		2,581	*1,557*
Currency translation differences on overseas investments	16	1,373	*36*
Total recognised gains and losses		3,954	*1,593*

The notes on pages 24 to 36 form part of these accounts.

as at 31st December 1992

	Note	1992 £'000	1992 £'000	1991 £'000	1991 £'000
Fixed assets					
Tangible assets	8		24,711		20,243
Current assets					
Stocks	10	5,641		4,880	
Debtors	11	32,950		28,303	
Cash at bank and in hand		10,419		5,325	
		49,010		38,508	
Current liabilities					
Creditors: amounts falling due within one year	12	(45,173)		(34,305)	
Net current assets			3,837		4,203
Total assets less current liabilities			28,548		24,446
Creditors: amounts falling due after more than one year	13		(11,706)		(11,075)
Provisions for liabilities and charges	14		(5,443)		(3,941)
Net assets			11,399		9,430
Capital and reserves					
Called up share capital	15		11,938		11,938
Other reserves	16		(5,150)		(4,520)
Profit and loss account	16		4,194		1,807
Shareholders' funds			10,982		9,225
Minority interests			417		205
Total capital employed			11,399		9,430

These accounts were approved by the board of directors on 16th March 1993.

J. M. West
Director

R. P. Painting
Director

The notes on pages 24 to 36 form part of these accounts.

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Consolidated cash flow statement

for the year ended 31st December 1992

	Note	1992 £'000	1992 £'000	1991 £'000	1991 £'000
Net cash inflow from operating activities	17		14,566		8,310
Returns on investment and servicing of finance					
Interest received		429		358	
Interest paid		(1,585)		(1,579)	
Dividends paid		(1,467)		(1,455)	
Payments to minorities		(52)		-	
Net cash outflow from returns on investment and servicing of finance			(2,675)		(2,676)
Taxation					
UK corporation tax recovered/(paid)		4		(36)	
UK advance corporation tax paid		(653)		(160)	
Overseas tax paid		(3,292)		(822)	
Tax paid			(3,941)		(1,018)
Investing activities					
Purchase of fixed assets		(4,479)		(4,306)	
Purchase of subsidiary undertaking (net of cash and cash equivalents acquired)	18	(690)		-	
Sale of fixed assets		812		611	
Net cash outflow from investing activities			(4,357)		(3,695)
Net cash inflow before financing			3,593		921
Financing					
Repayment of deferred purchase consideration		-		(581)	
Repayment of term loans	19	(977)		(469)	
Repayment of finance leases	19	(147)		(86)	
Net cash outflow from financing			(1,124)		(1,136)
Changes in cash and cash equivalents	20		2,469		(215)

The notes on pages 24 to 36 form part of these accounts.

as at 31st December 1992

	Note	1992 £'000	1992 £'000	1991 £'000	1991 £'000
Fixed assets					
Investment in subsidiary undertakings	9		10,056		10,056
Current assets					
Debtors	11	5,079		6,292	
Current liabilities					
Creditors: amounts falling due within one year	12	(2,582)		(3,539)	
Net current assets			2,497		2,753
Total assets less current liabilities			12,553		12,809
Creditors: amounts falling due after more than one year	13		(571)		(641)
Net assets			11,982		12,168
Capital and reserves					
Called up share capital	15		11,938		11,938
Profit and loss account	16		44		230
Shareholders' funds			11,982		12,168

These accounts were approved by the board of directors on 16th March 1993.

J. M. West
Director

R. P. Painting
Director

The notes on pages 24 to 36 form part of these accounts.

1. Principal accounting policies

(a) Basis of accounting

The accounts of the Group have been prepared under the historical cost convention as modified by the revaluation of certain freehold properties and in accordance with applicable accounting standards.

(b) Turnover

Turnover represents the valuation of work done on contracts performed during the year on behalf of clients or the invoiced value of goods and services charged to clients.

(c) Depreciation

Depreciation is not provided on freehold land. Depreciation is provided on buildings and computers using the straight line method and on all other categories of assets using the reducing balance method. Except in special cases depreciation is not charged in the year of purchase or capitalisation. A full year's depreciation is charged in the year of disposal.

Depreciation is provided on assets by reference to their estimated useful lives. The rates of depreciation used are:

	Straight line %	*Reducing balance* %
Buildings	2	–
Computers	33	–
Plant and machinery	–	27
Commercial vehicles	–	40
Other motor vehicles	–	44

Leased properties are amortised by equal instalments over the period of the lease or 50 years, whichever is the shorter.

(d) Surplus on trading

Surplus on trading reflects the profits and losses arising from the trading activities of the year. Revenue expenditure on research and development is written off against trading profits as incurred. The cost of acquiring patents and know-how is written off against trading profits in the year of acquisition.

(e) Foreign currencies

Balance sheet items in foreign currencies are translated into sterling at closing rates of exchange at the balance sheet date. However, if amounts receivable and payable in foreign currencies are covered by a forward contract, the contract rate of exchange is used for translation. Profit and loss accounts and cash flows of overseas companies are translated into sterling at average rates of exchange for the year.

Exchange differences arising from the retranslation of opening net assets and profit and loss accounts at closing rates of exchange are dealt with as movements on reserves. All other exchange differences are charged to the profit and loss account.

The exchange rates used in respect of principal currencies are:

	£1=DM	*£1=US$*
1992 average	2.75	1.76
1991 average	2.93	1.77
1992 year end	2.45	1.51
1991 year end	2.84	1.87

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Notes to the accounts

2. Geographical analysis

Turnover, profit before tax and net assets may be analysed by geographical area as follows:

	1992 £'000	*1991 £'000*
Turnover		
United Kingdom	29,131	*30,139*
North America	27,222	*25,500*
Germany, Austria and other	75,522	*57,919*
	131,875	*113,558*
Profit before tax		
United Kingdom	291	*69*
North America	1,941	*1,591*
Germany, Austria and other	5,171	*4,808*
	7,403	*6,468*
Interest on term loans	(1,248)	*(1,363)*
	6,155	*5,105*
Net assets		
United Kingdom	4,255	*4,467*
North America	6,932	*5,206*
Germany, Austria and other	12,921	*11,510*
	24,108	*21,183*
Term loans	(12,709)	*(11,753)*
	11,399	*9,430*

In the opinion of the directors, the Group does not operate in more than one class of business as defined by S.S.A.P. No. 25.

3. Surplus on trading

The surplus on trading is stated after charging/(crediting) the following:

	1992	1991
Change in stocks of finished goods and work in progress	34	*(55)*
Own work capitalised	(1,750)	*(1,655)*
Raw materials and consumables	29,031	*24,768*
Staff costs (see note 4)	44,612	*38,786*
Other external and operating charges	38,419	*33,801*
Depreciation and other amounts written off:		
tangible owned fixed assets	3,126	*2,749*
tangible fixed assets held under finance leases and hire purchase contracts	186	*214*
Profits from joint ventures	(524)	*(857)*
Auditor's remuneration and expenses	165	*125*
Rental for hire of plant and equipment	10,323	*8,368*
Rental for leased property	624	*516*
Restructuring costs	348	*472*
	124,594	*107,232*

4. Directors and employees

The total remuneration, including pension contributions, paid to the directors of the Group was:

	1992 £'000	1991 £'000
Emoluments	827	725
Fees for services as directors	27	25
	854	750

£10,500 (1991 £10,000) of the fees for services as directors was paid to third parties.

Emoluments (excluding pension contributions) paid to directors, excluding those whose duties were discharged mainly outside the UK, include amounts paid to:

	1992	1991
The chairman	17	15
The highest paid director	178	164

The number of directors (including the chairman and highest paid director) who received fees and other emoluments in the following ranges was:

	1992	1991
£5,001 – £10,000	–	1
£10,001 – £15,000	1	1
£15,001 – £20,000	1	–
£95,001 – £100,000	–	1
£100,001 – £105,000	–	1
£110,001 – £115,000	1	–
£125,001 – £130,000	1	–
£160,001 – £165,000	–	1
£175,001 – £180,000	1	–

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

	1992	1991
UK-based	448	557
Overseas-based	1,227	1,140
	1,675	1,697

The aggregate staff costs of the Group were:

	1992	1991
Wages and salaries	35,450	31,185
Social security costs	8,113	6,779
Other pension costs	1,049	822
	44,612	38,786

5. Net interest payable

	1992	1991
On term loans, overdrafts and other loans:		
wholly repayable within five years	265	174
partly repayable within five years	1,248	1,363
On finance leases	35	42
	1,548	1,579
Interest receivable on bank balances and deposits	(422)	(358)
	1,126	1,221

6. Taxation

Taxation based on the profit on ordinary activities for the year was:

	1992	*1991*
	£'000	*£'000*
UK corporation tax at 33% (1991 33.25%)	1,591	*62*
Double tax relief	(1,402)	*(58)*
Overseas tax	2,645	*2,533*
Advance corporation tax written off	379	*825*
Deferred tax	472	*(248)*
(Over)/under provisions in respect of prior years	(313)	*250*
	3,372	*3,364*

7. Dividends

	1992	*1991*
8% cumulative redeemable preference	952	*952*
Cumulative convertible participating preferred ordinary	615	*515*
Ordinary	–	*–*
	1,567	*1,467*

8. Tangible fixed assets

	Land & buildings	Plant machinery & vehicles	Capital work in progress	Total
Group	£'000	£'000	£'000	£'000
Cost or valuation				
At 1st January 1992	9,596	34,731	122	44,449
Exchange differences	1,218	4,918	39	6,175
Additions	78	4,431	163	4,672
In respect of company acquired	–	608	–	608
Disposals	–	(1,722)	–	(1,722)
Transfers	–	133	(133)	–
At 31st December 1992	10,892	43,099	191	54,182
Depreciation				
At 1st January 1992	454	23,752	–	24,206
Exchange differences	43	3,128	–	3,171
Charge for the year	175	3,137	–	3,312
Disposals	–	(1,218)	–	(1,218)
At 31st December 1992	672	28,799	–	29,471
Net book value At 31st December 1992	10,220	14,300	191	24,711
Net book value At 31st December 1991	*9,142*	*10,979*	*122*	*20,243*

The net book value of tangible fixed assets includes an amount of £1,119,000 (1991 £569,000) in respect of assets held under finance leases.

8. Tangible fixed assets (continued)

The net book value of land and buildings may be analysed as follows:

	1992 Cost or valuation £'000	1992 Accumulated depreciation £'000	1992 NBV £'000	*1991 NBV £'000*
Freehold land	3,099	–	3,099	*2,696*
Freehold buildings	7,174	412	6,762	*6,116*
Short leases	619	260	359	*330*
	10,892	672	10,220	*9,142*

9. Investment in subsidiary undertakings

	1992 £'000	*1991 £'000*
Company		
At 1st January 1992	10,056	*10,056*
Movements in the year	–	–
At 31st December 1992	10,056	*10,056*

The Company's subsidiary undertakings at 31st December 1992 were:

- Keller Limited (incorporated and registered in England)
- Keller Holding GmbH (incorporated in Germany)
  - Keller Grundbau GmbH (incorporated in Germany)
  - Keller Grundbau Ges.mbH (incorporated in Austria)
  - Keller Specialne zakladanie, spol. s r.o. (incorporated in Slovakia)
  - AIB Spezialtiefbau GmbH (incorporated in Germany)
  - Keller Foundations (South East Asia) Pte Limited (incorporated in Singapore)
  - Keller (Malaysia) Sdn. Bhd. (incorporated in Malaysia)
  - Keller Turki Limited (incorporated in Saudi Arabia)
- Keller Foundations Inc. (incorporated in USA)
  - Hayward Baker Inc. (incorporated in USA)
  - Hayward Baker Environmental Inc. (incorporated in USA)
  - Geochemical Corporation (incorporated in USA)

The Company owns 100% of the ordinary share capital of the above companies apart from Keller Turki Limited, which is a 65% subsidiary, and Geochemical Corporation which is an 80% subsidiary.

9. Investment in subsidiary undertakings (continued)

On 17th August 1992 Keller Holding GmbH acquired 100% of the share capital of AIB Spezialtiefbau GmbH. The total consideration for the acquisition, the net liabilities acquired and resultant goodwill is as follows:

	£'000
Cash consideration	82
Costs incurred	27
Total consideration	109
Net liabilities acquired	521
Goodwill (see note 16)	630

10. Stocks

	1992 Group £'000	1992 Company £'000	*1991 Group £'000*	*1991 Company £'000*
Raw materials, spare parts and consumables	5,123	–	*4,373*	–
Work in progress	444	–	*381*	–
Finished goods	74	–	*126*	–
	5,641	–	*4,880*	–

The replacement value of stocks at 31st December 1992 was £5,918,000 (1991 £5,233,000).

11. Debtors

	1992 Group £'000	1992 Company £'000	*1991 Group £'000*	*1991 Company £'000*
Trade debtors	28,245	–	*22,653*	–
Amounts receivable on contracts	471	–	*1,264*	–
Amounts owed by subsidiary companies	–	2,623	–	*3,273*
Other debtors	1,871	27	*1,779*	*83*
Joint venture balances	1,264	–	*1,526*	–
Prepayments	1,099	227	*655*	*6*
Corporation and withholding taxes recoverable	–	–	*426*	*412*
Group relief receivable	–	143	–	–
Group dividends receivable	–	2,059	–	*2,518*
	32,950	5,079	*28,303*	*6,292*
Included in other debtors are amounts due in more than one year of:	66	–	*53*	–

12. Creditors: amounts falling due within one year

	1992 Group £'000	1992 Company £'000	1991 Group £'000	1991 Company £'000
Term loans and overdrafts	3,687	70	1,749	648
Trade creditors	12,806	–	10,437	–
Amounts owed to subsidiary companies	–	–	–	125
Obligations under finance leases	388	–	133	–
Other creditors	15,493	84	10,307	67
Joint venture balances	603	–	623	–
Accruals	7,217	509	5,609	303
Other taxes and social security payable	1,678	–	1,004	–
Advance corporation tax payable	575	575	706	706
Corporation and withholding taxes payable	1,482	100	2,594	544
Dividends payable	1,244	1,244	1,143	1,143
	45,173	2,582	34,305	3,539
Term loans repayable within twelve months are:	1,379	70	939	56

13. Creditors: amounts falling due after more than one year

	1992 Group £'000	1992 Company £'000	1991 Group £'000	1991 Company £'000
Term loans	11,330	571	10,814	641
Obligations under finance leases	376	–	261	–
	11,706	571	11,075	641
Term loans are repayable as follows:				
Between one and two years	1,655	83	1,173	70
Between two and five years	8,015	404	5,639	334
In five years or more	1,660	84	4,002	237
	11,330	571	10,814	641
Obligations under finance leases are repayable as follows:				
Between one and two years	226	–	117	–
Between two and five years	150	–	144	–
	376	–	261	–

The term loans are repayable by quarterly instalments with the final payment due in April 1998 and are secured by charges over certain assets of the Group. Interest is charged at a premium over LIBOR and at 31st December 1992 the weighted average interest charge was 9.0% (1991 10.5%).

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14. Provisions for liabilities and charges

	1992 £'000	1991 £'000
Group		
Deferred taxation	511	–
Retirement provisions	4,932	3,941
	5,443	3,941

Deferred taxation		
At 1st January 1992	–	–
Exchange differences	39	–
Profit and loss account	472	–
At 31st December 1992	511	–

The total potential net deferred taxation liability is as follows:

	1992 Amount provided £'000	1992 Potential liability £'000	1991 Amount provided £'000	1991 Potential liability £'000
Accelerated capital allowances	–	1,468	–	1,091
Other timing differences	511	511	–	(44)
Advance corporation tax	–	(1,204)	–	(825)
	511	775	–	222

	1992 £'000	1991 £'000
Retirement provisions		
At 1st January 1992	3,941	3,594
Exchange differences	666	60
Movements in the year	325	287
At 31st December 1992	4,932	3,941

No provision has been made for any taxation which may arise in respect of future remittances from overseas subsidiary undertakings.

15. Share capital

	1992 £'000	1991 £'000
Company		
Authorised:		
75,000 ordinary shares of 10p each	8	8
300,000 cumulative convertible participating preferred ordinary shares of 10p each	30	30
11,900,000 8% cumulative redeemable preference shares of £1 each	11,900	11,900

15. Share capital (continued)

	1992 £'000	1991 £'000
Allotted, called up and fully paid:		
75,000 ordinary shares of 10p each	8	8
300,000 cumulative convertible participating preferred ordinary shares of 10p each	30	30
11,900,000 8% cumulative redeemable preference shares of £1 each	11,900	11,900
	11,938	11,938

(i) The cumulative convertible participating preferred ordinary shares are convertible in full into ordinary shares on the earlier of a sale or an application for a listing of the Company. The shares will be converted at a rate related to the profit performance of the Group in the periods to 31st December 1992.

(ii) The Company has the right to redeem any or all of the 8% cumulative redeemable preference shares outstanding, upon giving to the holders of these shares not less than three months notice in writing. The shares not previously redeemed are redeemable, in five equal annual instalments commencing on 31st December 1995, or in full on the earlier of a sale or an application for a listing of the Company.

16. Reserves

Group	Other reserves £'000	Profit & loss account £'000	Total £'000
At 1st January 1992	(4,520)	1,807	(2,713)
Exchange differences	–	1,373	1,373
Goodwill arising on acquisition	(630)	–	(630)
Retained profit for the year	–	1,014	1,014
At 31st December 1992	(5,150)	4,194	(956)

Company	Profit & loss account £'000	Total £'000
At 1st January 1992	230	230
Loss for the year	(186)	(186)
At 31st December 1992	44	44

Of the profit attributable to the members of the Company, £1,381,000 (1991 £1,619,000) has been dealt with in the accounts of that Company. As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented.

17. Reconciliation of surplus on trading to net cash inflow from operating activities

	1992 £'000	1991 £'000
Surplus on trading	7,281	6,326
Depreciation charges	3,312	2,963
Profit on sale of fixed assets	(308)	(232)
Movements in retirement provisions	325	287
Increase in stocks	(64)	(471)
Increase in debtors	(1,042)	(889)
Increase in creditors	5,157	407
Exchange differences	(95)	(81)
	14,566	8,310

18. Analysis of net outflow in respect of the purchase of subsidiary undertaking

	1992	1991
Cash consideration including costs	109	-
Cash at bank acquired	(228)	-
Bank overdraft acquired	809	-
	690	-

The subsidiary undertaking acquired in the year had net cash outflows of £78,000 in respect of operating activities; £72,000 in respect of returns on investment and servicing of finance; and £12,000 in respect of investing activities.

19. Analysis of the changes in financing

	1992 Term loans £'000	1992 Finance leases £'000	1992 Total £'000	1991 Total £'000
At 1st January 1992	11,753	394	12,147	12,470
Exchange differences	1,933	72	2,005	232
Inception of finance leases	-	193	193	63
In respect of company acquired	-	252	252	-
Repayments during the year	(977)	(147)	(1,124)	(618)
At 31st December 1992	12,709	764	13,473	12,147

20. Analysis of the balance of cash and cash equivalents

	1992 Cash balances £'000	1992 Bank overdrafts £'000	1992 Total £'000	1991 Total £'000
At 1st January 1992	5,325	(810)	4,515	4,660
Exchange differences	1,381	(254)	1,127	70
Changes in the year	3,713	(1,244)	2,469	(215)
At 31st December 1992	10,419	(2,308)	8,111	4,515

21. Commitments

(a) Capital commitments for which no provision has been made in these accounts are as follows:

	1992 £'000	*1991 £'000*
Contracted for	234	*205*
Authorised but not contracted for	–	*–*
	234	*205*

(b) The Group had annual commitments under non-cancellable operating leases as follows:

	1992 Land & buildings £'000	1992 Plant machinery & vehicles £'000	1992 Total £'000	*1991 Total £'000*
Expiring within one year	116	345	461	*325*
Expiring between two and five years inclusive	682	956	1,638	*897*
Expiring in over five years	523	7	530	*80*
	1,321	1,308	2,629	*1,302*

22. Contingent liabilities

The Group has given guarantees in the normal course of business relating to contract tenders, advance payments and performance.

The Company and its US and UK subsidiaries have given cross guarantees on each others borrowings. Legal charges exist over certain assets of the Group to secure borrowings and bonding facilities.

There are claims arising in the normal course of trading, which involve or may involve litigation. Full provision has been made in these accounts for all amounts which the directors consider will become payable on account of such claims.

At 31st December 1992 the Group had bills of exchange and letters of credit outstanding of £381,000 (1991 £131,000).

23. Pensions

The Group operates several pension schemes in the UK and overseas.

In the UK, the Group operates two defined benefit schemes based upon final salary. The assets of the schemes are held separately from the Group in trustee administered funds which are managed by investment managers. A full actuarial valuation of the schemes has not yet taken place although an assessment was made, at the commencement of the schemes, by an independent professionally qualified actuary to establish the funding rate to be adopted.

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Notes to the accounts

23. Pensions (continued)

The actuarial method of assessing the funding rate was that of the projected unit credit method. The principal actuarial assumptions used were: investment returns of 10%, remuneration increases of 8% and pension increases of 5%.

The Group has been making contributions to the pension schemes in line with the funding rates recommended by the actuary.

The total UK pension charge for the year was £409,000 (1991 £324,000).

In Germany, the Group retains funds within the business to provide for retirement obligations. As stated in note 14 to the accounts the pension liability of the Group at 31st December 1992 was £4,932,000 (1991 £3,941,000) and the total German pension charge for the year was £508,000 (1991 £401,000).

The Group operates a defined contribution scheme for employees in the USA, where the Group contributes to a 401(k) plan.

Auditor's report

KPMG Peat Marwick

Report of the auditor, KPMG Peat Marwick

To the members of Keller Group Limited

We have audited the accounts on pages 20 to 36 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31st December 1992 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG Peat Marwick
Chartered accountant
Registered auditors

London
16th March 1993