

Buhler UK Holdings Limited

Registered No. 683185

DIRECTORS

Dr P Eisen (Swiss)
P Muller (Swiss)
M Vogel (German)

SECRETARY

M Vogel

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

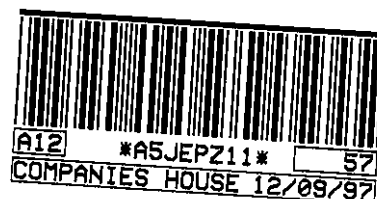
Swiss Bank Corporation
1 High Timber Street
London EC4V 3SV

SOLICITORS

Wedlake Bell
16 Bedford Street
London WC2E 9HF

REGISTERED OFFICE

19 Station Road
New Barnet
Herts EN5 1NN



Buhler UK Holdings Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1996.

RESULTS AND DIVIDENDS

The group trading profit for the year after taxation amounted to £841,000 (1995 – £483,000). The directors do not recommend a final ordinary dividend (1995 – £nil) which leaves a profit of £841,000 (1995 – £483,000) to be retained.

PRINCIPAL ACTIVITY

The principal activities of the group during the year were as follows:

The supply of machinery and complete plants for the flour and feed milling, cereal processing, chocolate, printing ink, die casting, mechanical and pneumatic conveying industries and the supply of related services.

The manufacture and distribution of electronic colour sorters and vision systems and in the manufacture and installation of cleaning and sorting machinery, mainly for the food and agriculture industries.

Control system designers and manufacturers for industrial applications.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Our efforts to consolidate and strengthen the group's activities have continued throughout the year with guarded success. The overall performance is considered satisfactory with improved results over the previous year, though in some areas short of expectation.

Business prospects for the coming year are viewed with guarded optimism.

FIXED ASSETS

The changes in fixed assets during the year are summarised in notes 9 to 11 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 1996 were as listed on page 1.

The directors had no beneficial interest in the ordinary shares of the company during the year and there has been no change in that situation between the year end and the date the accounts were approved.

The directors have taken dispensation under the Statutory Instrument 1985 – 802 not to disclose their interests in any group company incorporated outside Great Britain.

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


Secretary

4th September 1997

Buhler UK Holdings Limited

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 group and of the profit or loss of the group for that period. 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;
- stated 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 group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Buhler UK Holdings Limited

We have audited the accounts on pages 5 to 20, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

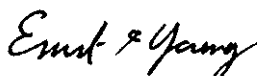
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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 group'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 and of the group as at 31 December 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

5, September 1997

Buhler UK Holdings Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

	<i>Notes</i>	<i>1996 Total £000</i>	<i>1995 Total £000</i>
TURNOVER	2	41,161	31,064
Cost of sales		30,875	24,285
GROSS PROFIT		10,286	6,779
Administrative and distribution expenses		8,380	5,616
OPERATING PROFIT	3	1,906	1,163
Interest receivable and similar income		139	130
Interest payable and similar charges	6	(687)	(479)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,358	814
Tax on profit on ordinary activities	7	517	331
RETAINED PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING	8	841	483

A reconciliation of the movements in shareholders' funds is given in note 21.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the financial year.

Buhler UK Holdings Limited

GROUP BALANCE SHEET at 31 December 1996

	Notes	1996 £000	1995 £000
FIXED ASSETS			
Intangible fixed assets	9	2,021	2,027
Tangible fixed assets	10	4,386	4,464
		<u>6,407</u>	<u>6,491</u>
CURRENT ASSETS			
Stocks	12	4,169	3,601
Debtors	13	7,567	9,045
Cash at bank and in hand	14	4,569	3,108
		<u>16,305</u>	<u>15,754</u>
CREDITORS: amounts falling due within one year	15	10,380	19,235
NET CURRENT ASSETS/(LIABILITIES)		<u>5,925</u>	<u>(3,481)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,332</u>	<u>3,010</u>
CREDITORS: amounts falling due after more than one year	16	9,277	741
		<u>3,055</u>	<u>2,269</u>
CAPITAL AND RESERVES			
Called up share capital	20	3,100	3,100
Profit and loss account	21	(45)	(831)
		<u>3,055</u>	<u>2,269</u>

h. b. p. l.

Director

4th September 1997

Buhler UK Holdings Limited

BALANCE SHEET at 31 December 1996

	Notes	1996 £000	1995 £000
FIXED ASSETS			
Investments	11	7,206	7,151
CURRENT ASSETS			
Debtors	13	8,006	7,881
Cash at bank and in hand		38	51
		8,044	7,932
CREDITORS: amounts falling due within one year	15	1,051	9,915
NET CURRENT ASSETS/(LIABILITIES)		6,993	(1,983)
TOTAL ASSETS LESS CURRENT LIABILITIES		14,199	5,168
CREDITORS: amounts falling due after more than one year	16	9,000	360
		5,199	4,808
CAPITAL AND RESERVES			
Called up share capital	20	3,100	3,100
Profit and loss account	21	2,099	1,708
		5,199	4,808

H. Buhler

Director

4/82 September 1997

Buhler UK Holdings Limited

GROUP STATEMENT OF CASH FLOWS for the year ended 31 December 1996

	Notes	1996 £000	1995 £000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	3(b)	(5,939)	6,732
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		139	130
Interest paid		(681)	(476)
Interest element of finance lease rentals		(6)	(3)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(548)	(349)
TAXATION			
UK corporation tax paid		(303)	(387)
INVESTING ACTIVITIES			
Purchase of intangible fixed assets		(100)	(2,027)
Purchase of subsidiary, net of cash acquired		—	(1,433)
Purchase of tangible fixed assets		(632)	(1,166)
Disposal of tangible fixed assets		75	—
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(657)	(4,626)
NET CASH (OUTFLOW)/ INFLOW BEFORE FINANCING		(7,447)	1,370
FINANCING			
Proceeds from borrowings		(9,002)	—
Repayment of borrowings		—	32
Funding from new finance leases		—	(213)
Capital element of finance lease rental payments		94	3
NET CASH INFLOW FROM FINANCING		(8,908)	(178)
INCREASE IN CASH AND CASH EQUIVALENTS	14	1,461	1,548
		(7,447)	1,370

Buhler UK Holdings Limited

NOTES TO THE ACCOUNTS

at 31 December 1996

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The group accounts consolidate the accounts of Buhler UK Holdings Limited and its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for Buhler UK Holdings Limited as permitted by section 230 of the Companies Act 1985.

Goodwill

Goodwill arising on consolidation and representing the excess of the purchase price over the fair value of the assets acquired is written off immediately to reserves.

Purchased goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It has been capitalised and is being written off in equal annual instalments over its estimated economic life.

Depreciation

Depreciation is provided on all fixed assets other than freehold land. The rates are calculated to write-off the cost of each asset by equal annual instalments over its expected life, as follows:

Leasehold land	—	Lease term
Freehold and leasehold buildings	—	Fifty years
Building improvements	—	Ten years
Plant, machinery, tools, vehicles and fixtures and fittings	—	Three to ten years

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value. Cost includes materials, labour and attributable overheads.

Long-term contract work in progress is stated at cost plus estimated profits attributable to the stage of completion, where the outcome can be assessed with reasonable certainty, less provision for any known or anticipated losses and progress payments receivable on account.

Advance payments are included under creditors to the extent that they exceed the related work in progress.

Specific provisions are made against contracts based on current knowledge and prudent estimation of future costs.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

NOTES TO THE ACCOUNTS
at 31 December 1996

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future without being replaced, calculated at the rates at which it is anticipated timing differences will reverse.

Leased assets

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The group operated two defined contribution schemes and two defined benefit schemes during the year, all of which required contributions to be made to separately administered funds.

Contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the group. The regular cost is attributed to individual years using the projected unit cost method. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

The group also provides pension benefits for employees through defined contribution schemes operated by insurance companies. Premiums are paid as required by the insurers and charged to the profit and loss account on an accruals basis.

Buhler UK Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1996

2. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the group. Turnover represents the invoiced value of goods and services supplied during the year (net of discounts), excluding value added tax.

An analysis of turnover by geographical market is provided below:

	1996 £000	1995 £000
United Kingdom	20,301	17,601
Overseas	20,860	13,463
	<u>41,161</u>	<u>31,064</u>

3. OPERATING PROFIT

(a) Operating profit is stated after charging the following:

	1996 £000	1995 £000
Depreciation of tangible fixed assets	613	533
Depreciation of assets held under finance leases and hire purchase contracts	34	9
Goodwill amortisation	106	—
Payments under operating leases:		
– Property	175	105
– Other	196	198
Auditors' remuneration:		
– Audit fees	60	47
– Other services	12	7
Research and development expenditure	1,263	911
	<u>1,263</u>	<u>911</u>

(b) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities:

	1996 £000	1995 £000
Operating profit	1,906	1,163
Depreciation	647	542
Goodwill amortisation	106	—
(Profit)/loss on sale of fixed assets	(12)	17
Increase in stocks	(568)	(250)
Decrease/(increase) in debtors	1,445	(2,364)
(Decrease)/increase in creditors	(9,463)	7,624
Net cash (outflow)/inflow from operating activities	<u>(5,939)</u>	<u>6,732</u>

Buhler UK Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1996

4. DIRECTORS' EMOLUMENTS

	1996 £000	1995 £000
Fees	—	—
Other emoluments (including pension contributions)	52	58
	<u>52</u>	<u>58</u>

The emoluments of the chairman, excluding pension contributions were £nil (1995 – £nil) and the emoluments of the highest paid director, excluding pension contributions were £52,250 (1995 – £57,600). Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996 No.	1995 No.
£nil – £5,000	2	2
£50,001 – £55,000	1	—
£55,001 – £60,000	—	1

5. STAFF COSTS

	1996 £000	1995 £000
Salaries and wages	6,895	5,149
Social security costs	674	526
Other pension costs	343	163
	<u>7,912</u>	<u>5,838</u>

The average weekly number of persons employed by the company during the year was as follows:

	1996 No.	1995 No.
Office and management	58	66
Sales, engineering and service	161	155
Factory and warehouse	69	71
Research and development	31	27
	<u>319</u>	<u>319</u>

NOTES TO THE ACCOUNTS
at 31 December 1996

5. STAFF COSTS (continued)

The company's subsidiary, Buhler Limited operates a pension scheme providing benefits based on final pensionable pay. The assets are held separately from those of the companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary based on the projected unit method of valuation. The most recent valuation was at 6 April 1994. The assumptions which have the most significant effect on the results of the valuation are that the yield earned on the fund before retirement will exceed the rate of increase in pensionable salaries by 1.5% and that the allowance which has been made for increases to pensions in payment of 5% per annum is sufficient.

The most recent actuarial valuation showed that the premium value of the scheme's assets was £1,995,231 and that the actuarial value of those assets represented 161% of the benefits that had accrued to members, after allowing for expected future increases in earnings and improved benefits introduced after the date of the valuation.

Details of the pension schemes applicable to the employees of the company's subsidiary, Sortex Limited are disclosed in that company's accounts.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £000	1995 £000
Loans from parent undertaking	655	462
Bank loans and overdrafts repayable within five years	26	14
Finance leases	6	3
	<u>687</u>	<u>479</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £000	1995 £000
Based on the profit for the year:		
Corporation tax at 33% (1995 - 33%)	484	418
Deferred taxation	33	(16)
Corporation tax overprovided in previous years	-	(71)
	<u>517</u>	<u>331</u>

8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING

The profit dealt with in the accounts of the parent undertaking was £391,000 (1995 - loss of £154,000).

Buhler UK Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1996

9. INTANGIBLE FIXED ASSETS

	<i>Goodwill £000</i>
Cost:	
At 1 January 1996	2,027
Additions	100
At 31 December 1996	2,127
Amortisation:	
At 1 January 1996	—
Provided during the year	(106)
At 31 December 1996	(106)
Net book value at 31 December 1996	2,021
Net book value at 1 January 1996	2,027

Goodwill is amortised over a period of 20 years.

10. TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Long leasehold property £000</i>	<i>Freehold property £000</i>	<i>Plant, machinery and tools £000</i>	<i>Furniture, fittings, equipment and vehicles £000</i>	<i>Total £000</i>
Cost:					
At 1 January 1996	2,256	851	497	2,352	5,956
Additions	71	34	33	494	632
Disposals	—	—	(331)	(280)	(611)
At 31 December 1996	2,327	885	199	2,566	5,977
Accumulated depreciation:					
At 1 January 1996	97	67	304	1,024	1,492
Provided during the year	60	34	86	467	647
Disposals	—	—	(331)	(217)	(548)
At 31 December 1996	157	101	59	1,274	1,591
Net book value:					
At 31 December 1996	2,170	784	140	1,292	4,386
Net book value:					
At 31 December 1995	2,159	784	193	1,328	4,464

The net book value of fixed assets above includes an amount of £169,640 in respect of assets held under finance leases and hire purchase agreements.

Buhler UK Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1996

11. INVESTMENTS

Company

	1996 £000	1995 £000
At 1 January 1996	7,151	5,631
Additions	55	1,520
At 31 December 1996	<u>7,206</u>	<u>7,151</u>

Company

Details of the investments in which the group or the company holds more than 10% of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Country of registration (or incorporation) and operation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Buhler Limited	England and Wales	Ordinary shares	100%	Manufacture, distribution and installation of machinery
Sortex Limited	England and Wales	Ordinary shares	100%	Manufacture, distribution and installation of machinery
Control Design and Development Limited	England and Wales	Ordinary shares	100%	Manufacture, distribution and installation of machinery
Redler Limited	England and Wales	Ordinary shares	100%	Supply and installation of conveying machinery

Buhler UK Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1996

12. STOCKS

	1996 £000	Group 1995 £000
Gross work in progress	1,648	1,507
Less payments on account	(242)	(681)
	1,406	826
Raw materials	2,016	1,814
Finished goods	747	961
	4,169	3,601

13. DEBTORS

Due within one year

	1996 £000	Group 1995 £000	1996 £000	Company 1995 £000
Trade debtors	3,523	3,199	—	—
Amount recoverable in contracts	2,598	3,931	—	—
Amounts owed by parent undertaking	—	210	—	—
Amounts owed by subsidiary undertakings	—	—	7,850	7,790
Amounts owed by other group undertakings	874	822	—	—
Other debtors	294	227	—	—
Prepayments and accrued income	268	613	—	—
Corporation tax recoverable	—	—	156	91
Deferred tax (note 19)	10	43	—	—
	7,567	9,045	8,006	7,881

14. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	Cash at bank and in hand £000
At 1 January 1995	1,560
Net cash inflow during 1995	1,548
At 31 December 1995	3,108
Net cash inflow during 1996	1,461
At 31 December 1996	4,569

Buhler UK Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1996

15. CREDITORS: amounts falling due within one year

	1996	Group	1996	Company
	£000	1995	£000	1995
		£000	£000	£000
Trade creditors	3,487	2,804	—	—
Amounts owed to parent undertakings	2,306	10,915	468	9,540
Amounts owed to other group undertakings	167	494	—	—
Customer advance payments	775	909	—	—
Corporation tax	459	295	—	—
Obligations under finance leases (note 21)	75	103	—	—
Current instalments due on loans	55	22	—	—
Other taxes and social security costs	494	734	—	—
Other creditors and accruals	2,562	2,959	583	375
	<u>10,380</u>	<u>19,235</u>	<u>1,051</u>	<u>9,915</u>

16. CREDITORS: amounts falling due after more than one year

	1996	Group	1996	Company
	£000	1995	£000	1995
		£000	£000	£000
Obligations under finance leases (note 20)	47	120	—	—
Bank loan wholly repayable within two to five years	9,000	—	9,000	—
Other creditors wholly repayable within two to five years	—	360	—	360
Bank loan not wholly repayable within five years (note 17)	230	261	—	—
	<u>9,277</u>	<u>741</u>	<u>9,000</u>	<u>360</u>

17. BANK LOANS NOT WHOLLY REPAYABLE WITHIN FIVE YEARS

	1997	1996
	£000	£000
Not wholly repayable within five years by instalments	252	283
Less: amount due within one year	(22)	(22)
	<u>230</u>	<u>261</u>
Instalments not due within five years	<u>114</u>	<u>153</u>
Amounts falling due:		
In one year or less	22	22
Between one and two years	26	24
Between two and five years	90	84
In five years or more	114	153
	<u>252</u>	<u>283</u>

Buhler UK Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1996

17. BANK LOANS NOT WHOLLY REPAYABLE WITHIN FIVE YEARS (continued)

Details of loans not wholly repayable within five years are as follows:

	1996 £000	1995 £000
Secured bank loan repayable over 10 years by monthly instalments of £3,794 commencing January 1996	252	283

Interest on the loan is charged at 2% over base on the balance of the loan account after deducting credit balances on other bank accounts held by the group. A supplemental 2% interest charge is levied on the credit balances netted off.

The bank loan is secured by means of a fixed charge over certain of the group's land and buildings.

18. ANALYSIS OF CHANGES IN LOAN FINANCING DURING THE YEAR

	1996 £000	1995 £000
At 1 January	283	315
Proceeds from borrowings	9,002	—
Repayment of borrowings	—	32
At 31 December	9,285	283

19. DEFERRED TAXATION

	£000
At 1 January 1996	(43)
Arising during the year	33
Utilised	—
At 31 December 1996	(10)

Group	Provided		Not provided	
	1996 £000	1995 £000	1996 £000	1995 £000
Accelerated capital allowances	(14)	—	21	(205)
Other timing differences	24	43	12	—
	10	43	33	(205)

Buhler UK Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1996

20. SHARE CAPITAL

		<i>Authorised</i>	<i>Allotted, called up and fully paid</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	<i>No.</i>	<i>No.</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	3,100,000	3,100,000	3,100	3,100

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

<i>Group</i>	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 1995	3,100	(841)	2,259
Retained profit for the financial year	—	483	483
Goodwill on acquisition written off	—	(473)	(473)
At 1 January 1996	3,100	(831)	2,269
Retained profit for the financial year	—	841	841
Goodwill on acquisition written off	—	(55)	(55)
At 31 December 1996	3,100	(45)	3,055

<i>Company</i>	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 January 1995	3,100	1,862	4,962
Retained loss for the financial year	—	(154)	(154)
At 1 January 1996	3,100	1,708	4,808
Retained profit for the financial year	—	391	391
At 31 December 1996	3,100	2,099	5,199

Cumulative goodwill written off against group reserves at 31 December 1996 was £3,787,000 (1995 – £3,732,000).

Buhler UK Holdings Limited

NOTES TO THE ACCOUNTS at 31 December 1996

22. OBLIGATIONS UNDER FINANCE LEASES

	1996 £000	1995 £000
Amount payable:		
Within one year	75	103
In two to five years	47	120
	<u>122</u>	<u>223</u>
Less: finance charges allocated to future periods	6	13
	<u>116</u>	<u>210</u>

Analysis of changes in finance leases and hire purchase contracts during the year:

Group

	1996 £000	1995 £000
At 1 January	210	—
New finance lease and hire purchase agreements	—	213
Capital element of finance lease rental payments	(94)	(3)
At 31 December	<u>116</u>	<u>210</u>

23. FINANCIAL COMMITMENTS

At 31 December 1996 the company had annual commitments under non cancellable operating leases as follows:

	1996		1995	
Group	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating Leases which expire:				
Within one year	60	90	—	53
In the second to fifth years inclusive	105	110	105	131
	<u>165</u>	<u>200</u>	<u>105</u>	<u>184</u>

24. CAPITAL COMMITMENTS

	1996 £000	Group 1995 £000
Contracted	47	—

25. CONTINGENT LIABILITIES

The group has entered into a deed of contribution in favour of Bidmine plc to the extent of £500,000 (1995 – £500,000).

26. ULTIMATE PARENT UNDERTAKING

The parent undertaking for which group accounts are drawn up, and of which the company is a member, is Buhler AG a company incorporated in Switzerland.