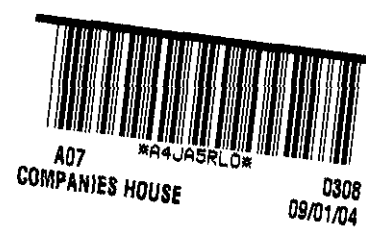


## UMT Limited

Annual report and financial statements  
for the year ended 31 December 2002

Registered number: 4122501



## **Directors' report**

For the year ended 31 December 2002

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2002.

### **Principal activity**

The principal activity of the company comprises the manufacture, sale and service of pelleting presses and feed milling machinery.

### **Business review**

In 2001, plans were in place to cease manufacturing activities and to purchase products instead from other suppliers. In the event, this decision was reviewed and manufacturing has continued in 2002 on a reduced scale. The directors expect the company to continue to trade at its current scale for the foreseeable future.

### **Results and dividends**

The audited financial statements for the year ended 31 December 2002 are set out on pages 6 to 19. The profit for the period after taxation was £172,146 (2001: loss of £1,260,994).

The directors cannot recommend a dividend is paid (2001: £nil).

### **Directors**

The directors who served during the year were as follows:

P. D. Billingsley

F.N. Jensen (Appointed 9 January 2003)

E. Krasser (Resigned 9 January 2003)

### **Directors' interests**

None of the directors, who held office at 31 December 2002, had any interests in the share capital of the company at that date. There are no other interests that require disclosure under Section 234 of the Companies Act 1985.

## Directors' report (continued)

### Auditors

The directors will propose a resolution at the annual general meeting to re-appoint Deloitte & Touche as auditors.

Unit B Sheepbridge Business Centre  
Sheepbridge Lane  
Chesterfield  
Derbyshire  
S41 9RX

By order of the Board,

A handwritten signature in black ink, appearing to read 'P. D. Billingsley', with a long horizontal stroke extending to the right.

Director  
P. D. Billingsley

6 January 2004

## Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, 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; and
- prepare the financial statements 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 financial statements 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.

# Independent auditors' report

## To the members of UMT Limited

We have audited the financial statements of UMT Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements 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 financial statements 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 financial statements.

## Independent auditors' report (continued)

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte + Touche LLP*

**Deloitte & Touche LLP**

**Chartered Accountants and Registered Auditors**

Leeds

6 January 2004

# Profit and loss account

For the year ended 31 December 2002

|  |    | Year ended<br>31 December<br>2002<br>£ | 55 weeks to<br>31 December<br>2001<br>£ |
|--|----|--|---|
| <b>Turnover</b>  | 1  | 5,776,781                              | 5,585,110                               |
| Cost of sales  |    | (4,180,992)                            | (4,219,368)                             |
| <b>Gross profit</b>  |    | 1,595,789                              | 1,365,742                               |
| Other operating expenses (net)                               | 2  | (1,364,591)                            | (1,574,483)                             |
| <b>Operating profit/(loss)</b>                               |    | 231,198                                | (208,741)                               |
| Cost of a fundamental restructuring of continuing operations | 3  | -                                      | (1,000,742)                             |
| Interest payable and similar charges                         | 4  | (59,052)                               | (51,511)                                |
| <b>Profit/(loss) on ordinary activities before taxation</b>  | 5  | 172,146                                | (1,260,994)                             |
| Tax on profit/(loss) on ordinary activities                  | 7  | -                                      | -                                       |
| <b>Retained profit/(loss) for the year</b>                   | 16 | 172,146                                | (1,260,994)                             |

All of the above results relate to continuing operations.

There are no recognised gains and losses other than the profit for the period.

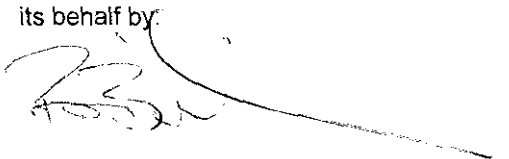
The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

31 December 2002

|  | Notes | 2002<br>£          | 2001<br>£          |
|--|-------|--------------------|--------------------|
| <b>Fixed assets</b>  |       |                    |                    |
| Negative goodwill  | 8     | (97,000)           | (145,742)          |
| Tangible assets  | 9     | 374,143            | 437,427            |
|  |       | <u>277,143</u>     | <u>291,685</u>     |
| <b>Current assets</b>  |       |                    |                    |
| Stocks   | 10    | 559,836            | 911,318            |
| Debtors  | 11    | 772,417            | 1,021,969          |
| Cash at bank and in hand                                       |       | 555,244            | 1,120,303          |
|  |       | <u>1,887,497</u>   | <u>3,053,590</u>   |
| <b>Creditors: Amounts falling due within one year</b>          | 12    | <u>(1,823,453)</u> | <u>(1,873,383)</u> |
| <b>Net current assets</b>                                      |       | <u>64,044</u>      | <u>1,180,207</u>   |
| <b>Total assets less current liabilities</b>                   |       | 341,187            | 1,471,892          |
| <b>Creditors: Amounts falling due after more than one year</b> | 13    | -                  | (1,417,776)        |
| <b>Provisions for liabilities and charges</b>                  | 14    | <u>(430,035)</u>   | <u>(315,110)</u>   |
| <b>Net liabilities</b>   |       | <u>(88,848)</u>    | <u>(260,994)</u>   |
| <b>Capital and reserves</b>                                    |       |                    |                    |
| Called-up share capital  | 15    | 1,000,000          | 1,000,000          |
| Profit and loss account  | 16    | <u>(1,088,848)</u> | <u>(1,260,994)</u> |
| <b>Equity shareholders' deficit</b>                            | 17    | <u>(88,848)</u>    | <u>(260,994)</u>   |

The financial statements on pages 6 to 19 were approved by the board of directors on 6 January 2004 and signed on its behalf by:



P. D. Billingsley

Director

The accompanying notes are an integral part of this balance sheet.



## Statement of accounting policies

31 December 2002

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

The company is exempt from the requirement of FRS 1 "Cash Flow Statements (Revised 1996)" to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Andritz AG, which produces publicly available consolidated financial statements incorporating the results of the company.

### **Intangible assets - negative goodwill**

Negative goodwill is included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

|                     |               |
|---------------------|---------------|
| Freehold buildings  | 2% per annum  |
| Plant and machinery | 10% per annum |
| Computer equipment  | 33% per annum |

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

### **Long-term contracts**

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock.

## Statement of accounting policies (continued)

### **Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of the total contract value which costs incurred to date bear to total expected costs for that contract.

### **Pension costs and other post retirement benefits**

UMT Limited operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

## Statement of accounting policies (continued)

### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

## Notes to financial statements

31 December 2002

### 1 Turnover

The turnover is attributable to the principal activity and represents monies earned in the normal course of business.

Turnover arose on sales to:

|                | Year ended<br>31 December<br>2002<br>£ | 55 weeks to<br>31 December<br>2001<br>£ |
|----------------|--|---|
| UK             | 4,345,746                              | 3,421,204                               |
| Rest of Europe | 411,917                                | 1,147,686                               |
| Asia           | 960,275                                | 749,265                                 |
| North America  | 56,751                                 | 265,971                                 |
| Africa         | 2,092                                  | 984                                     |
|                | <u>5,776,781</u>                       | <u>5,585,110</u>                        |

### 2 Other operating expenses (net)

|                         | Year ended<br>31 December<br>2002<br>£ | 55 weeks to<br>31 December<br>2001<br>£ |
|-------------------------|--|---|
| Administrative expenses | 1,083,403                              | 1,198,751                               |
| Selling costs           | 291,710                                | 401,911                                 |
| Other operating income  | (10,522)                               | (26,179)                                |
|                         | <u>1,364,591</u>                       | <u>1,574,483</u>                        |

### 3 Cost of a fundamental restructuring of continuing operations

The costs of a fundamental restructuring of continuing operations arose on the reduction of manufacturing and the sourcing of products from other suppliers.

Reorganisation costs are as follows:

|                              | Year ended<br>31 December<br>2002<br>£ | 55 weeks to<br>31 December<br>2001<br>£ |
|------------------------------|--|---|
| Redundancy costs             | -                                      | 660,611                                 |
| Vacant property costs        | -                                      | 223,244                                 |
| Loss on sale of fixed assets | -                                      | 80,416                                  |
| Impairment of fixed assets   | -                                      | 41,877                                  |
| Other                        | -                                      | 54,594                                  |
|                              | <u>-</u>                               | <u>1,000,742</u>                        |

### 4 Interest payable and similar charges

|  | Year ended<br>31 December<br>2002<br>£ | 55 weeks to<br>31 December<br>2001<br>£ |
|--|--|---|
| Interest payable to fellow group companies | <u>59,052</u>                          | <u>51,511</u>                           |

### 5 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging (crediting):

|  | Year ended<br>31 December<br>2002<br>£ | 55 weeks to<br>31 December<br>2001<br>£ |
|--|--|---|
| Negative goodwill written back                                     | (48,742)                               | (350,000)                               |
| Depreciation and amounts written off tangible fixed assets – owned | 69,593                                 | 279,258                                 |
| Operating lease rentals – other                                    | 57,323                                 | 62,247                                  |
| Auditors' remuneration for audit services                          | <u>14,000</u>                          | <u>20,000</u>                           |

Amounts payable to the auditors and their associates by the company in respect of non-audit services were £29,724 (2001: £nil).

## Notes to financial statements (continued)

### 6 Staff costs

The average monthly number of employees (including executive directors) was:

|                | Year ended<br>31 December<br>2002<br>Number | 55 weeks to<br>31 December<br>2001<br>Number |
|----------------|---|--|
| Production     | 18  | 62   |
| Sales          | 12  | 12   |
| Administration | 5   | 5  |
|                | <u>35</u>                                   | <u>79</u>                                    |

Their aggregate remuneration comprised:

|                                   | Year ended<br>31 December<br>2002<br>£ | 55 weeks to<br>31 December<br>2001<br>£ |
|-----------------------------------|--|---|
| Wages and salaries                | 921,550                                | 2,283,955                               |
| Social security costs             | 87,314                                 | 158,481                                 |
| Other pension costs (see note 19) | 81,593                                 | 310,966                                 |
|                                   | <u>1,090,457</u>                       | <u>2,753,402</u>                        |

#### *Directors' remuneration*

The remuneration was as follows:

|   | Year ended<br>31 December<br>2002<br>£ | 55 weeks to<br>31 December<br>2001<br>£ |
|---|--|---|
| Emoluments  | 109,163                                | 71,228                                  |
| Company contributions to money purchase pension schemes | 9,419                                  | -                                       |
|   | <u>118,582</u>                         | <u>71,228</u>                           |

## 6 Staff costs (continued)

### *Pensions*

The number of directors who were members of pension schemes was as follows:

|                         | Year ended<br>31 December<br>2002<br>£ | 55 weeks to<br>31 December<br>2001<br>£ |
|-------------------------|--|---|
| Money purchase schemes  | 1                                      | -                                       |
| Defined benefit schemes | -                                      | 1                                       |
|                         | <u>1</u>                               | <u>1</u>                                |

## 7 Tax on profit/(loss) on ordinary activities

The UK corporation tax charge for the period ending 31 December 2002 is £nil. The company has an overall deferred tax asset of £574,000 which it has chosen not to recognise. This asset is made up as follows:

|  | 31 December<br>2002<br>£ | 31 December<br>2001<br>£ |
|--|--------------------------|--------------------------|
| Excess of tax allowances over depreciation | 41,000                   | 40,000                   |
| Trading losses                             | 343,000                  | 208,000                  |
| Other short term timing differences        | 190,000                  | 368,000                  |
|  | <u>574,000</u>           | <u>616,000</u>           |

The company considers that the utilisation of the components of this asset is not certain as it is dependent on a number of factors which are the subject of great uncertainty. One of the most significant of these factors is likely future profitability of the company. Based on this, it would appear that the non-recognition of these assets is an appropriate policy under FRS 19.

**7 Tax on profit/ on ordinary activities (continued)**

**Factors affecting the tax charge in the period**

The tax assessed for the year is different from the standard rate of UK Corporation tax (30%). The differences are explained below:

|  | Year ended<br>31 December<br>2002<br>£ | 55 weeks to<br>31 December<br>2001<br>£ |
|--|--|---|
| <b>Profit/(loss) on ordinary activities before tax</b>   | <u>172,146</u>                         | <u>(1,260,994)</u>                      |
| Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%) | 51,644                                 | (378,299)                               |
| Effects of:  |  |   |
| Expenses disallowed  | (4,534)                                | (84,180)                                |
| Capital allowances in excess of depreciation – not recognised  | 272                                    | 40,110                                  |
| Movement in short term timing differences – not recognised   | (16,713)                               | (62,400)                                |
| (Utilisation)/creation of tax losses   | (30,669)                               | 368,257                                 |
| Fair value adjustments   | -                                      | 116,512                                 |
| <b>Current tax charge for the period</b>   | <u>-</u>                               | <u>-</u>                                |

**8 Intangible fixed assets - negative goodwill**

|  | £              |
|--|----------------|
| <b>Cost</b>                            |                |
| At 1 January 2002 and 31 December 2002 | <u>495,742</u> |
| <b>Amortisation</b>                    |                |
| 1 January 2002                         | 350,000        |
| Negative goodwill written back         | <u>48,742</u>  |
| At 31 December 2002                    | <u>398,742</u> |
| <b>Net book value</b>                  |                |
| At 31 December 2002                    | <u>97,000</u>  |
| At 31 December 2001                    | <u>145,742</u> |



**9 Tangible fixed assets**

|                       | Freehold land<br>and buildings<br>£ | Plant and<br>machinery<br>£ | Computers<br>£ | Total<br>£     |
|-----------------------|-------------------------------------|-----------------------------|----------------|----------------|
| <b>Cost</b>           |                                     |                             |                |                |
| At 1 January 2002     | 373,582                             | 169,942                     | 102,325        | 645,849        |
| Additions             | -                                   | 13,803                      | -              | 13,803         |
| Disposals             | -                                   | (7,494)                     | -              | (7,494)        |
| At 31 December 2002   | <u>373,582</u>                      | <u>176,251</u>              | <u>102,325</u> | <u>652,158</u> |
| <b>Depreciation</b>   |                                     |                             |                |                |
| At 1 January 2002     | 10,733                              | 146,094                     | 51,595         | 208,422        |
| Charge for the year   | 10,733                              | 19,529                      | 39,331         | 69,593         |
| At 31 December 2002   | <u>21,466</u>                       | <u>165,623</u>              | <u>90,926</u>  | <u>278,015</u> |
| <b>Net book value</b> |                                     |                             |                |                |
| At 31 December 2002   | <u>352,116</u>                      | <u>10,628</u>               | <u>11,399</u>  | <u>374,143</u> |
| At 31 December 2001   | <u>362,849</u>                      | <u>23,848</u>               | <u>50,730</u>  | <u>437,427</u> |

**10 Stocks**

|                                     | 2002<br>£      | 2001<br>£      |
|-------------------------------------|----------------|----------------|
| Raw materials and consumables       | 28,028         | 103,342        |
| Work-in-progress                    | 9,526          | 259,501        |
| Finished goods and goods for resale | 522,282        | 548,475        |
|                                     | <u>559,836</u> | <u>911,318</u> |

In the opinion of the directors, there is no material difference between the balance sheet value of stocks and their replacement cost.

**11 Debtors**

|                                      | 2002<br>£      | 2001<br>£        |
|--------------------------------------|----------------|------------------|
| Amounts falling due within one year: |                |                  |
| Trade debtors                        | 585,302        | 940,586          |
| Amounts owed by group undertakings   | 158,683        | 36,479           |
| Prepayments and accrued income       | 28,432         | 44,904           |
|                                      | <u>772,417</u> | <u>1,021,969</u> |

# Notes to financial statements (continued)

## 12 Creditors: Amounts falling due within one year

|                                    | 2002<br>£        | 2001<br>£        |
|------------------------------------|------------------|------------------|
| Payments received on account       | 31,050           | 609,132          |
| Trade creditors                    | 303,597          | 591,315          |
| Amounts owed to group undertakings | 1,278,088        | 256,351          |
| Other taxation and social security | 48,773           | 154,525          |
| Accruals and deferred income       | 161,945          | 262,060          |
|                                    | <u>1,823,453</u> | <u>1,873,383</u> |

## 13 Creditors: Amounts falling due after more than one year

|  | 2002<br>£ | 2001<br>£        |
|--|-----------|------------------|
| Amounts owed to group undertakings - due after 5 years | <u>-</u>  | <u>1,417,776</u> |

## 14 Provisions for liabilities and charges

|                                    | Reorganisation<br>provision<br>£ | Product<br>warranties<br>£ | Other<br>£     | Total<br>£     |
|------------------------------------|----------------------------------|----------------------------|----------------|----------------|
| At 1 January 2002                  | 240,000                          | 75,110                     | -              | 315,110        |
| Utilised in year                   | (240,000)                        | (44,702)                   | -              | (284,702)      |
| Charged to profit and loss account | <u>-</u>                         | <u>94,702</u>              | <u>304,925</u> | <u>399,627</u> |
| At 31 December 2002                | <u>-</u>                         | <u>125,110</u>             | <u>304,925</u> | <u>430,035</u> |

The provision for product warranties relates to expected warranty claims on products sold in the last 12 months and to any specific warranty claims received from customers during the year. It is expected that most of this expenditure will be incurred in the next financial year.

Other provisions represent the directors' best estimate of the costs of defending a claim received from a former customer during the year. The extent of any liability depends on the final outcome of the claim.

## 15 Called-up share capital

|   | 2002<br>£        | 2001<br>£        |
|---|------------------|------------------|
| <i>Authorised, allotted, called-up and fully paid</i> |                  |                  |
| 1,000,000 ordinary shares of £1 each                  | <u>1,000,000</u> | <u>1,000,000</u> |

**16 Reserves**

|                              | Profit and<br>loss account<br>£ |
|------------------------------|---------------------------------|
| At 1 January 2002            | (1,260,994)                     |
| Retained profit for the year | 172,146                         |
| At 31 December 2002          | <u>(1,088,848)</u>              |

**17 Reconciliation of movements in shareholders' deficit**

|  | 2002<br>£        | 2001<br>£        |
|--|------------------|------------------|
| Profit/(loss) for the financial year/period            | 172,146          | (1,260,994)      |
| New shares issued                                      | <u>-</u>         | <u>1,000,000</u> |
| Net addition to/(deduction from) shareholders' deficit | 172,146          | (260,994)        |
| Opening shareholders' deficit                          | <u>(260,994)</u> | <u>-</u>         |
| Closing shareholders' deficit                          | <u>(88,848)</u>  | <u>(260,994)</u> |

**18 Financial commitments**

Annual commitments under non-cancellable operating leases are as follows:

|                    | 2002<br>Land and<br>buildings<br>£ | 2001<br>Land and<br>buildings<br>£ |
|--------------------|------------------------------------|------------------------------------|
| Expiry date        |                                    |                                    |
| - within one year  | -                                  | 100,000                            |
| - after five years | <u>17,400</u>                      | <u>17,400</u>                      |
|                    | <u>17,400</u>                      | <u>117,400</u>                     |

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

### **19 Pension arrangements**

Since 1 January 2003 the company operated a defined contribution scheme for which the pension cost charge for the year amounted to £81,593 (2001: £nil).

Following the acquisition of the business from Tate & Lyle and up to 31 December 2002, the company participated in a defined benefit scheme operated by Tate & Lyle for that group's employees. The assets of the scheme were held separately from those of the company, being held in separate funds by the Trustees of the scheme. Because that scheme was operated without regard to the individual companies participating in the scheme, payments were accounted for as if it were a defined contribution plan. The costs charged to the scheme in the year were £nil (2001: £310,966).

### **20 Ultimate controlling party**

The directors regard Andritz AG, a company incorporated in Austria, as the ultimate parent company and the ultimate controlling party.

Andritz AG is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Andritz AG, Stattegger Strasse 18, A-8045 Graz, Austria.

As a subsidiary undertaking of Andritz AG, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Andritz AG.