

PANalytical Limited
Annual report and unaudited financial statements

Year ended 31 December 2018

Registered number: 1005071



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Strategic report

The Directors present the strategic report, the Directors' report and the unaudited financial statements for the year ended 31 December 2018.

Review of the Company's business

PANalytical Limited (the "Company") provides marketing, sale and support of company equipment services in the United Kingdom and Ireland.

On 5 January 2018, the Company entered into an agreement to transfer its entire trade, assets and liabilities to another company within the Spectris Group (being Spectris plc and its subsidiaries), Malvern Panalytical Limited (formerly Malvern Instruments Limited), for consideration of £7,285,000. The transfer is effective from 1 January 2018 and has resulted in PANalytical Limited ceasing trading.

The result for the year before taxation amounted to a profit of £942,000 (2017 : £933,000).

Principal risks and uncertainties facing the Company

The key business risks and uncertainties affecting the Company are considered to relate to international competition, employee retention and product availability and exposure to Euro fluctuations. The Company is a wholly owned subsidiary of Spectris plc and its management of financial risks are controlled at Group level. The Group's financial risk management objectives and policies are fully disclosed in the annual report and accounts of Spectris plc.

Key performance indicators (KPIs)

The Directors are of the opinion that analysis of the Company using KPIs is not appropriate for an understanding of the development, performance or position of the business of the Company. For further information about KPIs, please refer to the Spectris plc Annual Report and Accounts 2018.

By order of the Board



R W Prestidge
Director

Registered Office:

The Bruel & Kjaer Building
Jarman Way
ROYSTON
Hertfordshire
SG8 5BQ

23rd September 2019

Directors' report

Results and dividends

The company made a profit after tax in the year of £942,000 (2017: £755,000).

No interim dividend was paid during the year (2017: £nil).

The Directors do not recommend a final dividend (2017: £nil).

Directors

The Directors who held office during the year were:

Mr R de Haan (resigned 9 May 2019)

Mr P A Russell (resigned 1 March 2018)

Dr M Fehrentz (resigned 31 December 2018)

Mr T A Mulder

Mr E P O'Lionaird (resigned 25 April 2019)

Mr R W Prestidge (appointed 9 May 2019)

No Director had an interest in the shares of the company.

By order of the Board



R W Prestidge
Director

Registered Office:

The Bruel & Kjaer Building
Jarman Way
ROYSTON
Hertfordshire
SG8 5BQ

23rd September 2019

Statement of Directors' Responsibilities

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Profit and Loss account

For the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	2	-	6,532
Cost of sales		-	(4,147)
Gross profit		-	2,385
Distribution costs		-	(17)
Administrative expenses		-	(1,484)
Profit on sale of business		942	
Operating profit		942	884
Interest receivable and similar income	5	-	60
Interest payable and similar charges	6	-	(11)
Profit before taxation		942	933
Tax on profit	7	-	(178)
Profit for the financial year		942	755

The results in the profit and loss account relate entirely to discontinued operations.

The notes on pages 9 to 22 form part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2018

	2018 £000	2017 £000
Profit for the financial year	942	755
Total comprehensive income for the year	942	755

Statement of Changes in Equity

For the year ended 31 December 2018

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2018	100	6,243	6,343
Profit for the year	-	942	942
Balance at 31 December 2018	100	7,285	7,285

	Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	100	5,488	5,588
Profit for the year	-	755	755
Balance at 31 December 2017	100	6,243	6,343

Balance Sheet

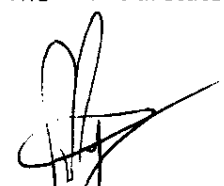
As at 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
Intangible assets	8	-	-
		-	-
Current assets			
Debtors	9	7,285	-
Cash at bank and in hand and short term deposits		-	-
		7,285	-
Assets held for sale	10	-	8,622
Total Assets		-	8,622
Creditors: amounts falling due within one year		-	-
Liabilities directly associated with assets held for sale	10	-	(2,279)
Net current assets		7,285	6,343
Total assets less current liabilities		7,285	6,343
Provisions for liabilities			
Provisions		-	-
Net assets		7,285	6,343
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account		7,185	6,243
Shareholders' funds		7,285	6,343

For the financial year ending 31 December 2018 the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

The notes on pages 9 to 22 form part of these financial statements.

The financial statements were approved by the Board of Directors and were signed on its behalf by :



R W Prestidge
Director

23rd September 2019
Company Registration No. 1005071

Notes to the Accounts

1. Basis of preparation and summary of significant accounting policies

PANalytical Limited (the "Company") is incorporated and domiciled in England & Wales.

a) Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's shareholder was notified of, and did not object to, the use of the EU-adopted IFRS disclosures exemptions.

The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Spectris plc, available to the public as set out in note 13, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies are set out below.

Notes to the Accounts continued

a) Basis of preparation continued

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Directors' report.

The financial statements have been prepared on the going concern basis.

Significant accounting judgements and estimates

In preparing the Financial Statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an on-going basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Deferred tax

The recognition of deferred tax assets is dependent on assessments of future taxable income.

b) Summary of significant accounting policies

Assets and liabilities held for sale

Assets, liabilities and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets, liabilities and disposal groups are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than continuing use. The condition is regarded as met.

Notes to the Accounts continued

b) Summary of significant accounting policies continued

Intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

The Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. This is not in accordance with the UK Companies Act which requires goodwill to be amortised over its useful economic life. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The Company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Notes to the Accounts continued

b) Summary of significant accounting policies continued

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit and loss account in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses. The cost comprises the purchase price paid and any costs directly attributable to bringing it into working condition for its intended use.

Depreciation is recognised in the profit and loss account on a straight-line basis to write off the cost, less the estimated residual value (which is reviewed annually), over its estimated useful economic life. Depreciation commences on the date the assets are ready for use within the business and the asset carrying values are reviewed for impairment when there is an indication that they may be impaired. The depreciation charge is revised where useful lives are different from those previously estimated, or where technically obsolete assets are required to be written down. Where parts of an asset have separate lives, they are accounted for and depreciated as separate items. Land is not depreciated. Estimated useful lives are as follows:

- IT equipment – 33% straight line method.
- Fixtures and fittings – 3-10 years.

Stocks

Stocks are carried at the lower of cost and net realisable value. Cost represents direct costs incurred and, where appropriate, production or conversion costs and other costs to bring the stock to its existing location and condition. In the case of manufactured stock and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Stock is accounted for on a first-in, first-out basis. Provisions are made to write down slow-moving, excess and obsolete items to net realisable value, based on an assessment of technological and market developments and on an analysis of historic and projected usage with regard to quantities on hand.

Notes to the Accounts continued

b) Summary of significant accounting policies continued

Trade and other debtors

Trade and other debtors are carried at original invoice amount which is considered a reasonable proxy for fair value, less provision made for impairment of these debtors. A provision for impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the original carrying amount and the recoverable amount, being the present value of expected cash flows receivable. The amount of the provision is recognised in the profit and loss account.

Cash at bank and in hand and short term deposits

Comprises cash at bank and in hand and short-term deposits held on call or with maturities of less than three months at inception.

Trade and other creditors

Trade and other creditors are carried at the amounts expected to be paid to counterparties.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources, that can be reliably measured, will be required to settle the obligation. In respect of warranties, a provision is recognised when the underlying products or services are sold. Provisions are recognised at an amount equal to the best estimate of the expenditure required to settle the Company's liability. A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefit is probable. Obligations arising from restructuring plans are recognised when detailed formal plans have been established and when there is a valid expectation that such a plan will be carried out.

Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Notes to the Accounts continued

b) Summary of significant accounting policies continued

Taxation

Tax on the profit or loss for the year comprises both current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised either in other comprehensive income or directly in equity, in which case tax is recognised in the Statement of Comprehensive Income or the Statement of Changes in Equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

Deferred taxation is provided on taxable temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and their corresponding tax bases. Deferred tax is measured using the tax rates expected to apply when the asset is realised or the liability settled based on tax rates enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised or that they will reverse. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign currency translation

The functional currency for the Company (GBP) is determined with reference to the currency of the primary economic environment in which it operates. Transactions in currencies other than the functional currency are initially recorded at the functional currency 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. Exchange gains and losses on settlement of foreign currency transactions are translated at the rate prevailing at the date of the transactions, or the translation of monetary assets and liabilities at period end exchange rates, and are charged/credited to the profit and loss account. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction.

Notes to the Accounts continued

Employee benefits

The Company operates a defined contribution pension scheme.

Defined contribution scheme

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised in the profit and loss account in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Turnover

Turnover comprises sales to external customers after discounts and excluding Value Added Tax and similar sales taxes.

Turnover from the sale of goods is recognised in the profit and loss account when the significant risk and rewards of ownership of the goods have been transferred to the customer, which is typically on delivery. For contracts that involve a significant element of installation or testing of equipment, turnover is recognised at the point of customer acceptance. Turnover from services rendered is recognised in the profit and loss account in proportion to the measurement of the stage of completion of services rendered as at the balance sheet date. This is assessed by reference to the amount of time incurred in proportion to the total expected time to be taken to deliver the service.

Occasionally, the initial contract covers both the supply of goods and on-going support, servicing and maintenance. For such contracts turnover is allocated across each of the individual components in line with their relative value and each element is accounted for as described above.

Interest payable and similar charges and interest receivable and similar income

Interest payable and similar charges comprises the interest payable on borrowings calculated using the effective interest method. Interest receivable and similar income comprises interest income on cash and funds invested and is recognised in the profit and loss account as it accrues.

Notes to the Accounts continued

2. Turnover

An analysis of the Company's turnover is as follows:

	2018 £000	2017 £000
	-	
Sale of goods		4,388
Services rendered	-	2,144
Turnover from continuing operations		
	-	6,532

An analysis of the Company's turnover by geographical area:

	2018 £000	2017 £000
United Kingdom	-	5,242
Asia	-	5
Europe	-	1,285
	-	6,532

3. Operating profit

Operating profit has been arrived at after charging:

	2018 £000	2017 £000
Net foreign exchange losses	-	11
Depreciation of fixed assets	-	71
Profit on sale of business	942	-
Operating lease payments	-	139

Notes to the Accounts continued

4. Employee numbers and costs

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

	2018 Number	2017 Number
Production and engineering	-	17
Sales and marketing	-	10
	-	27

The aggregate payroll costs of these persons, including Directors' remuneration, were as follows:

	2018 £000	2017 £000
Wages and salaries	-	1,253
Social security costs	-	104
Expenses related to defined contribution	-	61
	-	1,418

Directors' remuneration	2018 £000	2017 £000
Short-term benefits	-	115

Included in short-term benefits for the year 2017, £40,459 were paid by fellow group companies of Spectris Group.

Retirement benefits are accruing to the following number of Directors under:

	2018 £000	2017 £000
Money purchase schemes	-	4

5. Interest receivable and similar income

	2018 £000	2017 £000
Interest receivable	-	57
Interest receivable from group undertakings	-	3
	-	60

Notes to the Accounts continued

6. Interest payable and similar charges

	2018 £000	2017 £000
Other finance costs	-	11

7. Taxation

a) Tax charged in the profit and loss account	2018 £000	2017 £000
Current tax:		
UK corporation tax	-	173
Adjustments in respect of prior years	-	(2)
Total current tax charge	-	171
Deferred tax:		
Origination and reversal of temporary differences	-	7
Change in tax rates	-	-
Adjustments in respect of prior years	-	-
Total deferred tax charge	-	7
Total tax charge	-	178

b) Reconciliation of the total tax charge

The tax charge in the profit and loss account for the year is lower (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are reconciled below:

	2018 £000	2017 £000
Profit before taxation	942	933
Corporation tax at standard rate of 19.25% (2016: 20%)	179	180
Non-taxable income and gains	(179)	(2)
Non-deductible expenditure	-	3
Other current year items	-	(1)
Change in tax rates	-	-
Other adjustments to prior year current and deferred tax charges	-	(2)
Total tax charge reported in the profit and loss account	-	178

Notes to the Accounts continued

c) Change in corporation tax rate

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015.

A further reduction to 17% (effective from 1 April 2020) substantively enacted on 15th September 2016.

d) Deferred tax

The deferred tax included in the Company balance sheet is as follows:

	2018 £000	2017 £000
Deferred tax liability		
Temporary differences relating to intangible assets	-	25
Deferred tax asset		
Temporary differences relating to other items	-	2
Temporary differences relating to tangible assets	-	
	-	18
Disclosed on the balance sheet (refer to note 15)		
Deferred tax liability	-	7
	-	7
Deferred tax in profit and loss account		
Temporary differences relating to intangible assets	-	16
Temporary differences relating to tangible assets	-	(7)
Other temporary differences	-	(2)
Change in tax rates	-	-
Adjustments in respect of prior years	-	-
Deferred tax charge	-	7

Notes to the Accounts continued

8 Intangible assets

Cost	Note	Goodwill £000
At 1 January 2018 and 31 December 2018		1,019
Disposals	15	(1,019)
		-
Accumulated impairment losses		
At 1 January 2018 and 31 December 2018		-
Carrying amount		
At 31 December 2018		-
At 31 December 2017		1,019

9. Debtors

	2018 £000	2017 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	7,285	-
	7,285	-

Notes to the Accounts continued

10. Assets held for sale

Assets held for sale	Note	2018 £000	
Goodwill	9	1,019	
Tangible fixed assets	10	169	
Stocks		715	
Trade and other debtors		6,690	
Cash and cash equivalents		29	
		8,622	2
<hr/>			
Liabilities directly associated with assets held for sale	Note	£000	
Trade and other creditors		1,972	
Current tax liabilities		173	
Deferred tax liabilities	8	7	
Warranty provision	14	127	
		2,279	2

This transfer meets the definition of a discontinued operation given in IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' and, therefore, the entire results in the profit and loss account relate entirely to discontinued operations.

Notes to the Accounts continued

11. Share capital

	2018	2017
	£000	£000
Allotted, called up and fully paid		
At 1 January 2018 and at 31 December 2018 (100,000 ordinary shares of £1 each)	100	100

12. Contingent Liabilities

	2018	2017
	£000	£000
Royal Bank of Scotland	0	1,818
NatWest	2,517	-

Where the Company enters into financial guarantee contract to guarantee the indebtedness of other companies within its Group the Company considers these to be insurance arrangements in accordance with the requirements of IFRS 4 and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

PANalytical Limited and other UK subsidiaries of the Spectris group are party to a cross-guarantee arrangement to support trade finance facilities entered into in the normal course of business. They are also party to a cross-guarantee arrangement that allows individual subsidiaries to borrow from the bank on overdraft within the overall borrowing limit of the Spectris Group.

No bank guarantees were issued by the Company in the normal course of business.

13. Ultimate parent company

The company's ultimate holding company is Spectris plc, which is incorporated in England & Wales. The consolidated accounts of this company are available to the public and may be obtained from:

Spectris plc
Heritage House
Church Road
Egham
Surrey TW20 9QD