

Malvern Instruments Limited
Directors' report and financial
statements
Registered number 1020602
For the year ended 31 December 2012



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activities

The principal activity of the company is the sale of laboratory equipment for the measurement of particle characterisation to a wide variety of industries

Business review

2012

Growth slowed through 2012 as the developed economies in Europe and North America felt the impact of fiscal tightening, and this combined with generally lower growth rates across Asia and other developing territories delivered a modest increase on 2011 of 2.4%. Margins were slightly down on product mix and some one-off material costs associated with new product introductions. The company continued to increase its investment in product development through its US Bioscience facility to exploit future market opportunities and also increased spend around IT infrastructure in support of growth plans. As such profitability was down on 2011. Working capital reductions helped to generate an improved cash flow performance.

Outlook for 2013

2013 is likely to continue to see western markets perform in an erratic manner, but overall see flat to low growth and the developing economies are expected to continue to grow with China still dominate but slowing whilst South America is expected to be strong, so in total we expect another year of small growth. The company will continue to invest in both market and product technology development but seek to exploit improved efficiencies to fund this where it can, and hold profitability around current levels.

Risk management

Risk management is a high priority. Processes are designed to identify, mitigate and manage risk. The board are ultimately responsible for risk management.

The key risks to our business, in terms of opportunity and threat, are still centred around the developments within the emerging markets of Asia and Latin America as well as and combined with our ability to recognise and harness new technologies for existing and new applications.

Trading risks

The successful launch of new products and expansion into new markets and applications is key to obtaining growth and fending off increasing competition around traditional core technologies.

Exchange risks

The company seeks to mitigate this risk through the provision of forward contracts.

Financial risks

The company generates cash and is part of the global bank pooling arrangements of its parent company which provides sufficient working capital for its business needs, there is no exposure to future debt repayments or interest demands.

Intellectual property risks

Malvern Instruments Limited protects its intellectual property through patents registered in key geographical markets and by monitoring infringements and challenges within those markets.

Directors' report *(continued)*

Directors

The directors who served during the year were as follows

JC Webster
PI Walker
Dr DJ Bishop
RW Prestidge
JS McCaskie
DM Roberts
J Martin
R Innocent

Employment policy

The company is an equal opportunities employer. It is the company's policy to give full and fair consideration to the applications for employment by disabled people, to continue wherever possible the employment of those who become disabled whilst employed and to provide career training opportunities commensurate with their ability.

Employee involvement is encouraged at all levels throughout the organisation, through regular management meetings.

Health and safety remains core to our business principles. We continue to develop our formal health and safety management system to reflect the growth of the business and changing regulatory requirements.

Research and Development

The directors consider that new product development and innovation play an important role in the company's success and, accordingly, they continue to further the company's research and development programme.

Payment to suppliers

It is the company's general policy to abide by the terms of payment agreed with its suppliers.

At 31 December 2012, the number of creditor days outstanding was 51 days *(2011: 43 days)*.

Dividends

Dividends paid during the year comprise a final dividend of £Nil, in respect of the year ending 31 December 2012 *(2011: Nil)*.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

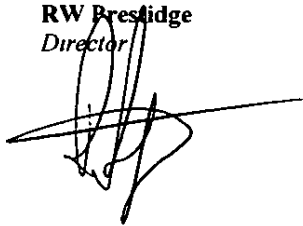
Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

Approved by order of the board of directors on 3 June 2013 and signed on its behalf by

RW Prestidge
Director

A handwritten signature in black ink, appearing to be 'RW Prestidge', written over the printed name and title.

Enigma Business Park
Groveswood Road
Malvern
Worcestershire
WR14 1XZ

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing 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).

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 judgments 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.



KPMG Audit Plc

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Malvern Instruments Limited

We have audited the financial statements of Malvern Instruments Limited for the year ended 31 December 2012 set out on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

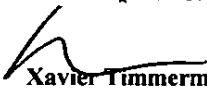
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Malvern Instruments Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


Xavier Timmermans BA ACA
Senior Statutory Auditor
for and on behalf of KPMG Audit Plc, Statutory Auditor

3 June 2013

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	82,855	80,937
Cost of sales		(34,124)	(31,567)
		<hr/>	<hr/>
Gross profit		48,731	49,370
Distribution costs		(921)	(948)
Administrative expenses		(31,083)	(30,046)
		<hr/>	<hr/>
Operating profit	3	16,727	18,376
Net interest receivable	4	218	139
		<hr/>	<hr/>
Profit on ordinary activities before taxation		16,945	18,515
Tax on profit on ordinary activities	8	(3,752)	(4,872)
		<hr/>	<hr/>
Profit for the financial year	17	13,193	13,643
		<hr/>	<hr/>

There were no recognised gains or losses other than the result for the year and the preceding year reported above, and therefore no separate statement of total recognised gains and losses has been presented

All results in the current and preceding financial year relate to continuing activities

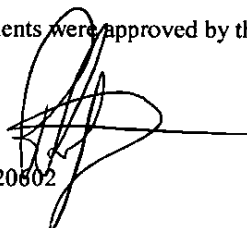
Balance sheet
at 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Fixed assets			
Intangible fixed assets	9	1,027	2,285
Tangible assets	10	7,135	7,307
Investments	11	5	-
		<hr/>	<hr/>
		8,167	9,592
Current assets			
Stocks	12	8,443	8,984
Debtors	13	54,130	42,504
Cash at bank and in hand		3,984	1,701
		<hr/>	<hr/>
		66,557	53,189
Creditors: Amounts falling due within one year	14	(17,973)	(19,408)
		<hr/>	<hr/>
Net current assets		48,584	33,781
		<hr/>	<hr/>
Total assets less current liabilities, being net assets		56,751	43,373
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	16	272	272
Capital redemption reserve	17	109	109
Profit and loss account	17	56,370	42,992
		<hr/>	<hr/>
Equity shareholders' funds	18	56,751	43,373
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 3 June 2013 and were signed on its behalf by

RW Prestidge
 Director

Company number 1020802



Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 'Cash flow statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking, Spectris plc, includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Spectris plc the company has taken advantage of the exception contained in Financial Reporting Standard 8 'Related party transactions' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Spectris plc, within which this company is included, can be obtained from the address given in note 23

Goodwill

Purchased goodwill, representing the excess of the fair value of the consideration paid over the fair value of the separable net assets acquired, is capitalised and amortised over ten years, being the directors' estimate of useful economic life Goodwill is subject to an annual impairment review and provision is made for any impairment in value

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost Intellectual property purchased by the company is amortised over five years, being the directors' estimate of their useful economic life

Tangible fixed assets

Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	2% per annum
Plant, equipment and motor vehicles	10 - 33% per annum

No depreciation is provided on freehold land

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Stocks

Stocks are valued at the lower of cost and net realisable value Cost comprises materials, direct labour and attributable manufacturing overheads where appropriate Net realisable value represents the estimated selling price less the costs of completion, marketing, selling and distribution

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which has arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred tax'.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction or, if appropriate, at the rate of exchange under the related forward currency contract. Balances denominated in foreign currencies are translated into sterling at the exchange rates ruling on the balance sheet date or, if appropriate, at rates specified in related forward exchange contracts. Exchange differences arising in respect of transactions and balances denominated in foreign currencies are reflected in the result for the year.

Post retirement benefits

The company participates in a multi-employer pension scheme, the Spectris Pension Plan, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Spectris plc also operates a defined contribution pension scheme. The company participates in this scheme and the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. The company also contributes to personal pension schemes in respect of some employees.

Research and development

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Share based payments

The share option programme allows employees to acquire shares of the ultimate parent company, Spectris plc. The fair value of options granted after 7 November 2002 and not vested as at the beginning of the financial year is recognised as an employee expense in the profit and loss account. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Notes (continued)

2 Turnover

Turnover represents the invoiced amount of goods sold, excluding value added tax. The analysis of turnover by geographical area is as follows:

	2012 £000	2011 £000
United Kingdom	5,703	4,973
Rest of Europe	23,468	24,577
Asia and Australia	36,029	33,364
Americas	17,072	16,592
Africa	583	1,431
	<u>82,855</u>	<u>80,937</u>

3 Operating profit

	2012 £000	2011 £000
<i>Operating profit is stated</i>		
<i>after charging</i>		
Amortisation of goodwill and intangible assets	1,032	1,088
Impairment of intangible assets	226	-
Depreciation	1,040	876
Research and development expenditure	5,884	6,051
Operating lease rentals		
Plant and machinery	162	180
Exchange loss	203	143
	<u> </u>	<u> </u>
Auditor's remuneration		
Audit of these financial statements	38	38
	<u> </u>	<u> </u>

Amounts receivable by the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's ultimate parent company, Spectris plc.

4 Net interest receivable

	2012 £000	2011 £000
Interest receivable from group undertakings	219	143
Other interest payable	(1)	(4)
	<u>218</u>	<u>139</u>

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	2012	2011
Production	89	83
Sales and administration	187	164
	<u>276</u>	<u>247</u>

The aggregate payroll costs of these persons were as follows

	2012	2011
	£000	£000
Wages and salaries	9,709	8,633
Share based payments	242	512
Social security costs	1,252	1,078
Other pension costs	1,166	988
	<u>12,369</u>	<u>11,211</u>

6 Share based payments

The Save As You Earn share option scheme was set up in order to provide executives and selected employees with options to purchase ordinary shares in Spectris plc, the ultimate parent company

Under the Save As You Earn scheme, equity shares are issued following a vesting period of three years. Options may be exercised during a six-month period following the vesting date, and exercise prices are determined according to the mid-market closing share price prevailing on the day before the date of grant. There are no performance criteria associated with options granted under the Save As You Earn scheme.

The company recognised a charge of £Nil (2011 £Nil) in relation to the above schemes which has been recharged from Spectris plc.

Under the Performance Share Plan, the exercise price is the nominal cost of the company's shares. Awards made in 2008 and 2009 have performance criteria subject to earnings per share in respect of 50% of the award and operating company targets in respect of 50% of the award. For awards made in 2011 and 2012, the performance criteria is earnings per share in respect of 33.33% of the award and operating company targets in respect of 66.67% of the award. Operating company manager awards are entirely subject to operating company profitability targets. Awards vest after a period of three years and must be exercised during the seven-year period (previously one-year period) following vesting.

The company has recognised a charge of £185,000 (2011 £512,000) in administrative expenses in relation to the above scheme.

Notes (continued)

6 Share based payments (continued)

Share Options outstanding at the end of the year

Save As You Earn

	Exercise price (£)	Exercise year	2012 Number	2011 Number (revised)
Year of grant				
2008	7.66	2012	-	1,025
2009	7.23	2013	627	18,133
2010	10.19	2014	7,309	8,297
2011	13.80	2015	14,155	14,545
2012	16.95	2016	14,997	-

Performance Share Plan

	Exercise price (£)	Exercise period	2012 Number	2011 Number (revised)
Year of grant				
2007	0.05	2010-2017	27,800	27,800
2008	0.05	2011-2018	35,300	35,300
2009	0.05	2012-2019	65,000	65,000
2010	0.05	2013-2020	38,900	38,900
2011	0.05	2014-2021	30,270	30,270
2012	0.05	2015-2022	27,890	-

Movements in the year

Save As You Earn

	Number	Weighted average exercise price £	Value of shares £
At 1 January 2012 (revised)	42,000	10.10	424,217
Granted	14,997	16.95	254,199
Exercised	(18,970)	7.62	144,569
Lapsed	(939)	5.64	5,298
At 31 December 2012	37,088	14.25	528,549
Exercisable at 31 December 2012	627	7.23	4,533

Notes (continued)

6 Share based payments (continued)

Movements in the year (continued)

Performance Share Plan

	Number	Weighted average exercise price £	Value of shares £
At 1 January 2012 (revised)	197,270	0.05	9,864
Granted	27,890	0.05	1,395
At 31 December 2012	225,160	0.05	11,259
Exercisable at 31 December 2012	126,100	0.05	6,305

Share based Payments Expense

Share options are valued using a stochastic option pricing model, with support from an independent remuneration consultant. The Total Shareholder Return (TSR) performance condition was included in the calculation of fair value under the Performance Share Plan. For options granted in 2012 and 2011, the fair value per option granted and the assumptions used in the calculation are as follows:

	2012 Save As You Earn	2011 Save As You Earn	2012 Performance Share Plan	2011 Performance Share Plan
Weighted average share price (pence)	1,827	1,039	1,748	1,391
Weighted average exercise price (pence)	1,695	1,381	5	5
Expected volatility	32.4%	42.1%	35.4%	41%
Expected life	3.25 years	3.25 years	3 years	3 years
Risk-free rate	0.4%	0.9%	0.5%	1.8%
Expected dividends (expressed as a yield)	2.1%	2.8%	0%	0%-2.5%
Fair value per option	362	157	-	-

The expected volatility is based on historical volatility over the expected term. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero-coupon UK Government bonds of a term consistent with the assumed option life.

Notes (continued)

7 Directors' emoluments

	2012 £000	2011 £000
Directors' emoluments	958	1,013
Amounts receivable under long term incentive schemes	129	393
Company contributions to money purchase pension schemes	67	54

No directors participated in the defined benefit pension scheme (2011 none), five directors (2011 five) participated in the defined contribution pension scheme and one (2011 one) director participated in a personal pension scheme

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £276,851 (2011 £376,063), and Company pension contributions of £19,200 (2011 £19,200) were made to a money purchase scheme on his behalf. During the year, the highest paid director exercised share options and received shares under a long term incentive scheme

8 Tax on profit on ordinary activities

	2012 £000	2011 £000
<i>UK corporation tax</i>		
Current tax on income in year	3,806	4,845
Adjustments in respect of prior years	(54)	(38)
Total current tax charge	3,752	4,807
<i>Deferred tax (see note 15)</i>		
Deferred tax on income in year	(48)	(16)
Adjustments in respect of prior years	22	31
Charge resulting from reduction in tax rate	26	50
	-	65
Tax on profit on ordinary activities	3,752	4,872

The current tax charge for the period is lower (2011 lower) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The difference is explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	16,945	18,515
Current tax at 24.5% (2011 26.5%)	4,152	4,907
<i>Effects of</i>		
Expenses not deductible for tax purposes	(393)	(77)
Capital allowances less than depreciation and other timing differences	47	15
Adjustments in respect of prior years	(54)	(38)
Total current tax charge	3,752	4,807

Notes (continued)

8 Tax on profit on ordinary activities (continued)

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

9 Intangible assets

	Goodwill	Intellectual property	Total
	£000	£000	£000
Cost			
At beginning and end of year	10,268	501	10,769
	<hr/>	<hr/>	<hr/>
Amortisation			
At beginning of year	8,309	175	8,484
Charged in year	932	100	1,032
Impairment charge	-	226	226
	<hr/>	<hr/>	<hr/>
At end of year	9,241	501	9,742
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2012	1,027	-	1,027
	<hr/>	<hr/>	<hr/>
At 31 December 2011	1,959	326	2,285
	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Tangible assets

	Freehold land and buildings £000	Plant, equipment and motor vehicles £000	Total £000
Cost			
At beginning of year	6,061	7,978	14,039
Additions	-	868	868
Disposals	-	(64)	(64)
At end of year	6,061	8,782	14,843
Depreciation			
At beginning of year	1,495	5,237	6,732
Charge for the year	120	920	1,040
Disposals	-	(64)	(64)
At end of year	1,615	6,093	7,708
Net book value			
At 31 December 2012	4,446	2,689	7,135
At 31 December 2011	4,566	2,741	7,307

Included in the total net book value of freehold land and buildings is £1,286,000 (2011 £1,286,000) in respect of freehold land which is not depreciated

11 Investments

	2012 £000	2011 £000
Cost		
At beginning of year	-	-
Additions	5	-
At end of year	5	-

The Company holds these interests in the following company

Name of company	Country of incorporation	Proportion held %
Malvern-Aimil Instruments Private Ltd	India	70

Malvern-Aimil Instruments Private Ltd is a distributor of scientific instruments trading in India.

Notes (continued)

12 Stocks

	2012 £000	2011 £000
Raw materials	5,346	5,877
Work in progress	1,070	1,151
Finished stocks	2,027	1,956
	<u>8,443</u>	<u>8,984</u>

13 Debtors

	2012 £000	2011 £000
Trade debtors	7,200	6,760
Amounts owed by group undertakings	45,803	34,441
Deferred tax asset (see note 15)	621	621
Other debtors	240	332
Prepayments and accrued income	266	350
	<u>54,130</u>	<u>42,504</u>

14 Creditors: Amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	5,445	6,109
Amounts owed to group undertakings	4,992	4,215
Corporation tax	3,805	4,838
Other creditors including taxation and social security	373	428
Accruals and deferred income	3,358	3,818
	<u>17,973</u>	<u>19,408</u>

Notes (continued)

15 Deferred tax

The deferred tax asset, recognised under FRS 19 'Deferred tax' using a tax rate of 23% (2011 25%), is as follows

	£000	
At beginning of year		621
Charge to the profit and loss account for the year		-
		<hr/>
At end of year (see note 13)		621
		<hr/>
	2012	2011
	£000	£000
Accelerated capital allowances	621	615
Short term timing differences	-	6
	<hr/>	<hr/>
Deferred tax asset (see note 13)	621	621
	<hr/>	<hr/>

16 Share capital

	2012	2011
	£000	£000
<i>Allotted, called up and fully paid</i>		
272,290 ordinary shares of £1 each	272	272
	<hr/>	<hr/>

17 Reserves

	Capital redemption reserve £000	Profit and loss account £000
At beginning of year	109	42,992
Profit for the financial year	-	13,193
Share based payments (note 6)	-	185
	<hr/>	<hr/>
At end of year	109	56,370
	<hr/>	<hr/>

Notes (continued)

18 Reconciliation of movement in equity shareholders' funds

	2012 £000	2011 £000
Profit for the financial year	13,193	13,643
Share based payments (note 6)	185	512
Opening equity shareholders' funds	43,373	29,218
	<hr/>	<hr/>
Closing equity shareholders' funds	56,751	43,373
	<hr/>	<hr/>

19 Commitments

Capital expenditure

Future capital expenditure commitments for which no provision has been made in these financial statements are as follows

	2012 £000	2011 £000
Contracted	99	256
	<hr/>	<hr/>

Operating leases

Annual commitments under non-cancellable operating leases are as follows

	Plant and equipment	
	2012 £000	2011 £000
Expiring		
Within one year	12	83
Between two and five years	170	112
	<hr/>	<hr/>
	182	195
	<hr/>	<hr/>

Notes (continued)

20 Pensions

The company is a member of a multi-employer pension scheme (the Spectris Pension Plan) providing benefits based on final pensionable pay. As the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme has been accounted for, in these financial statements, as if the scheme was a defined contribution scheme. The total surplus of the Plan at 31 December 2012 was £3.9 million (2011 deficit of £1.3 million).

The latest full actuarial valuation was carried out at 31 December 2011 and was updated to 31 December 2012 by an independent qualified actuary.

The Spectris Pension Plan is closed to new members. Contributions payable by the company amounted to £156,000 for the year ended 31 December 2012 (2011 £312,000).

Spectris plc also operates a defined contribution pension plan, membership of which is available to the qualifying UK employees of group companies. Contributions payable by the company to the plan and to personal pension plans amounted to £1,008,000 for the year ended 31 December 2012 (2011 £878,000).

Contributions amounting to £Nil (2011 £Nil) were payable to the defined benefits pension scheme at the year end, and £Nil (2011 £Nil) was payable to the defined contribution scheme and personal pension plans and are included in creditors.

Further details are given in the financial statements of Spectris plc.

21 Contingent liabilities

With certain other members of the Spectris Group, the company has guaranteed facilities made available to Spectris plc, in respect of which the following amounts were outstanding at 31 December 2012.

Royal Bank of Scotland £3 million (2011 £4 million).

22 Financial instruments

The Company has derivative financial instruments with various banks that involve the Company selling US dollars, Euros and Japanese Yen to the bank at fixed rates of exchange with expiry dates ranging from January 2013 to December 2013.

The derivative contracts have not been recognised at fair value (as defined by paragraph 37 of Schedule 1 of the Accounting Regulations of the Companies Act 2006). An asset of £24,000 (2011 £82,000), measured by reference to the fair value of forward contracts outstanding as at 31 December 2012, has not been recognised because the Company have opted not to adopt FRS 26.

23 Ultimate parent company

The company is a subsidiary undertaking of Spectris plc which is incorporated in Great Britain.

The largest and smallest group in which the results of the company are consolidated is that headed by Spectris plc, incorporated in Great Britain. The consolidated accounts of this company may be obtained from Spectris plc, Heritage House, Church Road, Egham, Surrey, TW20 9QD.