

# **BURNFIELD LIMITED**

## **Directors' report and financial statements**

Year ended 31 December 2004

Registered number 1522736

Registered in England



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## **Directors' report**

The directors present their report and the financial statements for the year ended 31st December 2004.

### **Activities**

The principal activity of the Company is that of an holding company.

### **Results and Dividends**

The company made a loss in the year of £12,620,000 (2003: £89,000 profit).

The directors do not recommend the payment of a dividend (2003: £nil)

### **Directors**

The directors who held office during the year were:

Hans Nilsson  
Jim Webster  
Roger Stephens (appointed 27 October 2004)  
Graham Zacharias (resigned 13 September 2004)  
Paul Boughton (resigned 4 October 2004)

Subsequent to the year end, Hans Nilsson resigned as a director of the company, on 25 May 2005

### **Directors' interests**

The directors had no beneficial interests in the share capital of the Company at the year end. Burnfield Ltd is a wholly owned subsidiary of Spectris plc. The interests of the Hans Nilsson, Jim Webster, Graham Zacharias and Paul Boughton in the shares of Spectris plc are shown in the financial statements of that company.

The interests of Roger Stephens in the share capital of Spectris plc are set out below:

	<b>Ordinary shares of 5p nominal value</b>	<b>Executive options</b>	<b>Savings related options</b>
Interest at start of year or from date of appointment	16,568	182,647	9,191
Interest at end of year	39,463	176,147	1,969

According to the register of directors' interests, no rights to subscribe for shares or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them during the financial year, except as indicated on the next page.

## Directors' report continued

### Share options

	Number of options at start of year or from date of appointment	Options Granted	Exercised	Lapsed	Number of options at end of year	Exercise Price	Market price at date of exercise	Date from which exercise- able	Expiry Date
	10,259	-	-	-	10,259	618.9p	-	Oct-00	Oct-07
	4,924	-	-	-	4,924	550.7p	-	Mar-01	Mar-08
	10,259	-	-	-	10,259	321.7p	-	Mar-02	Mar-09
	19,485	-	-	-	19,485	513.18p	-	Mar-03	Mar-10
	12,220	-	-	-	12,220	498.5p	-	Mar-04	Mar-11
	25,000	-	-	25,000	-	516.5p	-	Mar-05	Mar-12
	32,500	-	-	32,500	-	342.5p	-	Sep-05	Sep-12
	40,000	-	-	-	40,000	279p	-	Mar-06	Mar-13
	28,000	-	-	-	28,000	468.5p	-	Sep-06	Sep-13
	-	26,000	-	-	26,000	462p	-	Mar-07	Mar-14
	-	25,000	-	-	25,000	406.25p	-	Oct-07	Oct-14
	-----	-----	-----	-----	-----				
	182,647	51,000	-	57,500	176,147				
SAYE	9,191	-	7,222	-	1,969	468.5p	460p	Dec-06	Jun-07
	-----	-----	-----	-----	-----				
	<b>191,838</b>	<b>51,000</b>	<b>7,222</b>	<b>57,500</b>	<b>178,116</b>				
	-----	-----	-----	-----	-----				

Shares other than those marked SAYE relate to executive share option grants. Entitlement to exercise such grants is conditional upon a performance criterion requiring compound growth in normalised earnings per share ("EPS") over the three financial years after grant of up to 5% per annum in excess of the increase in the retail prices index.

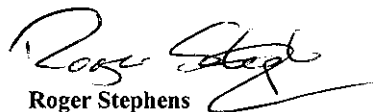
At 31 December 2004 the mid share price on the London Stock Exchange was 382p. The highest share price in the year was 505p and the lowest was 380p. At 31 December 2004 some of the directors were deemed to have a non-beneficial interest in 3,212,330 (2003: 3,263,000) ordinary shares held by the Trustee of the Spectris plc Employee

### Annual general meeting

In accordance with Section 366A of the Companies Act 1985, the Company has elected to dispense with the holding of Annual General Meetings.

Pursuant to section 386 of the Companies Act 1985, a resolution has been passed that has resulted in the company not being required to reappoint its auditors annually.

### By order of the Board

  
**Roger Stephens**  
*Company Secretary*  
15 August 2005

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

## **Independent auditors' report to the members of Burnfield Limited**

We have audited the financial statements on pages 5 to 11.

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 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 auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 to you 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.

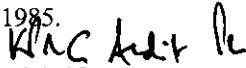
### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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.

### **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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

15 August 2005

## **Profit and Loss Account**

For the year ended 31 December 2004

	<i>Note</i>	<b>2004</b> <b>£000</b>	2003 £000
Other income		-	1
Administration expenses (including provision against investment of £12,498,000)		<b>(12,798)</b>	-
<b>Operating loss</b>		<b>(12,798)</b>	1
Profit on sale of fixed asset investment	5	-	80
Interest payable and similar charges	6	<b>(175)</b>	(12)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(12,973)</b>	69
Tax on (loss)/profit on ordinary activities	7	<b>353</b>	20
<b>Retained (loss)/profit for the financial year</b>		<b><u>(12,620)</u></b>	<b><u>89</u></b>

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

There were no recognised gains or losses in the period other than those which have been dealt with in the profit and loss account and accordingly a statement of total recognised gains and losses is not presented.

## Balance Sheet

As at 31 December 2004

	<i>Note</i>	<b>2004</b> <b>£000</b>	2003 £000
<b>Fixed assets</b>			
Investments in subsidiaries	8	<u>18,661</u>	<u>31,161</u>
		<b>18,661</b>	<b>31,161</b>
<b>Current assets</b>			
Cash		28	103
Debtors	9	<u>474</u>	<u>309</u>
		<b>502</b>	<b>412</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	<u>(3,764)</u>	<u>(3,792)</u>
<b>Net current liabilities</b>		<b>(3,262)</b>	<b>(3,380)</b>
Provisions for liabilities and charges	11	<b>(248)</b>	<b>(10)</b>
<b>Net Assets</b>		<u><b>15,151</b></u>	<u><b>27,771</b></u>
 <b>Capital and reserves</b>			
Called up share capital	13	<b>3,549</b>	3,549
Share premium account	14	<b>678</b>	678
Other reserves	14	<b>24,321</b>	24,321
Profit and loss account	14	<b>(13,397)</b>	<b>(777)</b>
<b>Shareholders' Funds</b>		<u><b>15,151</b></u>	<u><b>27,771</b></u>

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



**Jim Webster**  
*Director*  
15 August 2005



## Notes to the financial statements

### 1. Accounting policies

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

#### *Basis of preparation*

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

#### *Cashflow statements*

The company is a wholly owned subsidiary of Spectris plc and its cash flows are included in the consolidated group cash flow statement of Spectris plc. Consequently, the company is exempt under FRS 1 (Revised) from publishing a cash flow statement.

#### *Related parties*

As the company is a wholly owned subsidiary of Spectris plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Spectris plc, within which this company is included, can be obtained from the address given in note 16.

#### *Consolidation*

Consolidated accounts have not been prepared for the company by virtue of S228 of the Companies Act 1985, as it is a wholly owned subsidiary of Spectris plc, a parent undertaking registered in England, which has prepared consolidated accounts.

#### *Fixed Asset Investments*

Investments in subsidiaries and other investments are stated at cost, less provision for any impairment.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred 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 have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### 2. Remuneration of directors

The directors received no remuneration in respect of activities performed for the company during the year.

### 3. Remuneration of auditor

The auditor's remuneration in respect of services provided to the company is paid by the ultimate holding company, Spectris plc.

### 4. Remuneration of employees

The company had no employees during the year or the previous year.

## Notes to the financial statements (continued)

<b>5. Profit on sale of fixed asset investment</b>	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Profit on disposal of Beta LaserMike Japan KK	-	80
	<u>-</u>	<u>80</u>

<b>6. Interest payable and similar charges</b>	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Interest payable to group undertakings	175	12
	<u>175</u>	<u>12</u>

<b>7. Tax on profit/(loss) on ordinary activities</b>	<b>2004</b>	<b>2003</b>
	<b>£000</b>	<b>£000</b>
Analysis of charge in the period		
<i>UK Corporation Tax</i>		
Current tax on income for the year at 30% (2003: 30%)	(145)	(20)
Adjustments in respect of prior periods	(208)	-
	<u>(353)</u>	<u>(20)</u>
Credit on loss on ordinary activities		

The current tax credit is lower than the standard rate of corporation tax in the UK. The difference is explained below:

(Loss)/Profit on ordinary activities before tax	<u>(12,973)</u>	<u>69</u>
Current tax (credit)/charge at 30% (2003: 30%)	(3,892)	21
Expenses not deductible for tax purposes	3,750	-
Non taxable income	-	(24)
Timing differences	(3)	(17)
Adjustments to tax charge in respect of prior periods	(208)	-
	<u>(353)</u>	<u>(20)</u>
Current tax credit		

There was no material deferred tax asset or liability at either the current or prior year end.

## Notes to the financial statements (continued)

### 8. Fixed Asset Investments

	2004 £000
Shares in group undertakings At cost	
At 1 January 2004	31,161
Disposals	(2)
At 31 December 2004	<u>31,159</u>
Provision At 1 January 2004	-
Additions	12,498
At 31 December 2004	<u>12,498</u>
Net book value as at 31 December 2004	<u>18,661</u>
Net book value as at 31 December 2003	<u>31,161</u>

The following are the group's principal subsidiary undertakings. They operate mainly in the countries of incorporation. All the subsidiaries are wholly owned by Burnfield Limited.

	Principal activity	Country of incorporation
Malvern Instruments Limited	Manufacturing company	England
Beta LaserMike Limited	Trading company	England

During the year, a review of the carrying value of the investments was performed which resulted in an impairment charge of £12,498,000 against the investment in Beta LaserMike Limited.

9. Debtors	2004 £000	2003 £000
Amounts owed by group undertakings	262	262
Prepayments and accrued income	67	47
Corporation tax	145	-
	<u>474</u>	<u>309</u>
10. Creditors - amounts falling due within one year	2004 £000	2003 £000
Amounts owed to group undertakings	3,690	3,620
Accruals and deferred income	74	-
Corporation tax	-	172
	<u>3,764</u>	<u>3,792</u>

## Notes to the financial statements (continued)

### 11. Provisions for liabilities and charges

	2004 £000	2003 £000
At 1 January 2004	10	119
Charged during the year	248	-
Utilised during the year	(10)	(109)
At 31 December 2004	<u>248</u>	<u>10</u>

Provisions outstanding relate to certain onerous lease contracts.

### 12. Contingent Liabilities

With 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 31st December 2004:

Royal Bank of Scotland plc: £4,983,000 (2003: £5,684,000)

### 13. Share Capital

	Number of shares	£000
<b>Authorised</b>		
Ordinary shares of 10p each	<u>50,000,000</u>	<u>5,000</u>
<b>Issued and fully paid</b>		
Balance at 1 January and 31 December 2004	<u>35,492,715</u>	<u>3,549</u>

### 14. Reserves

	Share Premium £000	Other Reserves £000	Profit and Loss £000	Total £000
At 1 January 2004	678	24,321	(777)	24,222
Retained loss for the year	-	-	(12,620)	(12,620)
At 31 December 2004	<u>678</u>	<u>24,321</u>	<u>(13,397)</u>	<u>11,602</u>

Other reserves relates to a Capital Redemption Reserve and is non-distributable.

## Notes to the financial statements (continued)

15. Reconciliation of movements in equity shareholders' funds	2004 £000	2003 £000
Opening equity shareholders' funds	27,771	27,682
Profit/(Loss) for the financial year	(12,620)	89
Closing equity shareholders' funds	<u>15,151</u>	<u>27,771</u>

## 16. Ultimate Holding Company

The company's ultimate holding company is Spectris plc, which is incorporated in Great Britain and registered in England. Copies of Spectris plc financial statements can be obtained from:

Spectris plc  
Station Road  
Egham  
Surrey  
TW20 9NP