

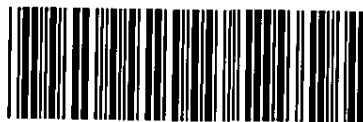
LDS Test and Measurement Limited

**Directors' report and financial
statements**

Registered number 1539186

31 December 2008

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Officers and professional advisors

Directors

A Rasmussen
L Ronn
J Webster
L Grasty

Secretary

J Brown

Registered office

Jarman Way
Royston, Hertfordshire
SG8 5BQ

The registered office changed on the 7th August 2008, from Heath Works, Baldock Road. Royston, Hertfordshire, SG8 5BQ, due to the company moving to a new premises

Solicitors

Eversheds
Cloth Hall Court
Infirmary Street
Leeds, LS1 2JB

Bankers

Barclays Bank Plc
23 High Street
Royston, Bedfordshire
SG8 9AB

Bank of America N A
5 Canada Square
London, E14 5AQ

Auditors

KPMG Audit Plc,
37 Hills Road
Cambridge, CB2 1XL

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the company is the manufacture and sale of vibration test equipment.

The subsidiary undertakings held by the company are listed in note 11 to the financial statements.

Acquisition by Spectris Plc

On the 1st December 2008, the company was acquired by Spectris Plc and will form part of the Test & Measurement segment of the Spectris Plc group

Business review

Turnover has increased by 9% compared to 2007 as a result of organic growth. Whilst the Directors expect the general level of activity to continue to grow as the company launches new products and expands in emerging markets, the acquisition of the company by Spectris Plc may result in changes to the existing business model.

Research and development

The company continues to invest in research and development in 2008: £526,000 (2007:£604,000). This has resulted in a number of products being launched recently which are expected to make significant contributions to the growth of the business. The directors regard investment in this area as a prerequisite for success in the medium to long term future.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk. The company does not enter into the use of financial derivatives.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company does not hedge transactions in foreign currencies but maintains bank accounts in foreign currencies in order to match cash inflow in those currencies.

Credit risk

The company's principal financial assets are bank balances and cash and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk is managed by reviewing credit worthiness of potential and existing customers using reputable credit agencies, maintaining credit insurance and the use of Letters of Credit.

The company has no significant concentration of credit risk with exposure spread over a large number of counterparties and customers. Loss of key customers is also a key risk to the business. The company manages the risk by developing and maintaining strong relationships with these customers.

Liquidity risk

The company does not have any external debt finance outside the Spectris group of companies. The inter-company debt finance is not interest-bearing.

Directors' report *(continued)*

Financial risk management objectives and policies *(continued)*

Foreign exchange risk

Foreign exchange risk on cash is managed by conversion of all foreign currency balances to Sterling at the end of each month, for transfer into the cash pool.

Price risk

The company is exposed to commodity price risk. The company actively negotiates with suppliers to reduce the impact of this risk.

Results and dividends

The profit for the year after taxation was £5,084,000 (2007:£694,000). The directors do not recommend the payment of a dividend (2007: £nil)

Directors / Company Secretary

The directors / Company secretary who held office during the year were as follows:

K L Lilley (resigned 12 December 2008 as both Director and Company Secretary)

P J O'Leary (resigned 12 December 2008)

M A Reilly (resigned 12 December 2008)

A Rasmussen (appointed 12 December 2008)

L Ronn (appointed 12 December 2008)

J Webster (appointed 12 December 2008)

D Read (appointed 12 December; resigned 1 March 2009)

L Grasty (appointed 1 March 2009)

M Shanahan (appointed 1 March 2009; resigned 1 October 2009 as both Director and Company Secretary)

J Brown (appointed Company Secretary 1 October 2009)

None of the directors had a beneficial interest in the shares of the company at any time during the current or prior year. The interests of the directors in the parent company, Spectris plc are disclosed in the publicly filed accounts of Spectris plc

Disclosure of information to auditors

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 auditors are unaware. Each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Deloitte and Touche LLP resigned as auditors and KPMG Audit Plc were appointed as auditors following the acquisition of by Spectris Plc. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Directors' report *(continued)*

By order of the board



Dr Lawrence V. Grasty
Director, LDS Test & Measurement Limited

LDS Test & Measurement Limited
Jarman Way, Royston, Herts
SG8 5BQ, United Kingdom



Mr Arne Rasmussen
Director, LDS Test & Measurement Limited

13th January 2010

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).

The financial statements are required by law to 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 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.



KPMG Audit Plc

37 Hills Road
Cambridge
CB2 1XL
United Kingdom

Independent auditors' report to the members of LDS Test and measurement Limited

We have audited the financial statements of LDS Test and Measurement Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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 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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 to the members of LDS Test and measurement Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

KPMG Audit Plc.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

13th January 2010.

Profit and Loss Account
for the year ended 31 December 2008

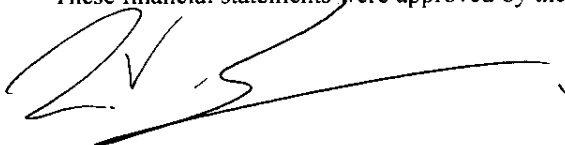
	<i>Note</i>	2008 £000	2007 £000
Turnover	2	24,295	22,350
Cost of sales		(18,297)	(17,635)
Gross profit		5,998	4,715
Other operating expenses	3	(3,253)	(4,458)
Operating profit		2,745	257
Finance income (net)	4	3,675	725
Loss on sale of fixed asset investment	14	(1,248)	-
Amounts written off investment	14	(255)	-
Profit on ordinary activities before taxation	5	4,917	982
Tax credit / (charge) on profit on ordinary activities	8	167	(288)
Profit for the financial year	18	5,084	694

1. The profit and loss account has been prepared on the basis that all operations are continuing operations.
2. There are no recognised gains and losses other than those passing through the profit and loss account.

Balance Sheet
at 31 December 2008

	<i>Note</i>	2008 £000	£000	2007 £000	£000
Fixed assets					
Tangible assets	10		2,699		1,339
Investments	11		486		2,421
			<u>3,185</u>		<u>3,760</u>
Current assets					
Stocks	12	3,189		3,687	
Debtors due within one year	13	21,991		20,745	
Cash at bank and in hand		629		656	
		<u>25,809</u>		<u>25,088</u>	
Creditors: amounts falling due within one year	15	<u>(6,369)</u>		<u>(11,103)</u>	
Net current assets			<u>19,441</u>		<u>13,985</u>
Total assets less current liabilities			<u>22,626</u>		<u>17,745</u>
Provision for liabilities	16		<u>(313)</u>		<u>(183)</u>
Net assets			<u>22,313</u>		<u>17,562</u>
Capital and reserves					
Called up share capital	17		351		351
Revaluation reserve	18		-		333
Other reserves	18		5,272		5,272
Profit and loss account	18		16,690		11,606
Shareholders' funds	19		<u>22,313</u>		<u>17,562</u>

These financial statements were approved by the board of directors on 13/01/2009 and were signed on its behalf by:



L Grasty
Director

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 financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain fixed asset investments.

Consolidated financial statements have not been prepared by the company as permitted by Section 228 of the Companies Act 1985. Consolidated results for the company and its subsidiary undertaking are included in the group financial statements of the ultimate holding company Spectris plc which will be available to the public.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life as follows:

Plant and machinery	-	3 to 10 years
Computer hardware and software	-	3 to 5 years

Due to the acquisition of the company by Spectris Plc in December 2008, the depreciation of computer hardware and software was aligned with group policy and reduced to 3 to 5 years from 3 to 7 years.

Investments

Fixed asset investments are shown at historic cost or directors' valuation in accordance with the alternative valuation bases under Schedule 4 of the Companies Act 1985. Provision is made for any impairment.

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.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

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. Revenue on product sales is recognised when risk passes to the customer according to the terms of the contract between the company and the customer. Revenue on services is recognised as the services are delivered.

Research and development expenditure

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

Notes (*continued*)

1 Accounting policies (*continued*)

Taxation

Current 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.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings.

A net deferred tax asset is regarded as recoverable and therefore recognised only when on the basis of all evidence, it can be regarded as more likely than not 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.

Pension costs

Previously the company provided pension arrangements to a number of full-time employees as part of the SPX UK Pension Plan. It also made contributions to employees money purchase schemes.

The SPX UK Pension Plan was a defined benefit multi-employer scheme the assets and liabilities of which are held independently from the group. The company was unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounted for the scheme as it were a defined contribution scheme.

Upon acquisition of the company by Spectris Plc, all LDS employees participating in the SPX UK Pension Plan were transferred into the LDS Defined Contribution Scheme under the conditions that for a period of at least one year following completion of the acquisition by Spectris plc, the employer contributions provided under the defined contribution scheme shall be no lower as a percentage of pensionable salary than was paid in respect of those employees continuing service accrual under the SPX UK Pension Plan immediately prior to completion.

For contributions to defined contribution schemes the amount charged to the profit and loss account is the contribution payable in the year and the contributions actually paid are shown as either accruals or prepayments in the balance sheet

Share based payments

The company previously remunerated certain of its employees using equity instruments in its ultimate parent company, the SPX Corporation. These were accounted for as equity-settled in the consolidated accounts of SPX however in accordance with UITF 44, in the company accounts these share based payments were treated as cash-settled as the company was required to settle this liability.

For cash settled share based payment transactions, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant

date and spread over the period during which the employees become unconditionally entitled to payment. The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if 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 (continued)

2 Analysis of turnover

As the company is engaged in one class of business no analysis of turnover has been provided.

The directors consider that the disclosure of an analysis of turnover between geographical markets would be seriously prejudicial to the interests of the group.

3 Other operating expenses

	2008 £000	2007 £000
Selling costs	956	1,244
Administrative expenses	2,297	3,214
	<u>3,253</u>	<u>4,458</u>

4 Finance income

	2008 £000	2007 £000
Investment income		
Interest receivable and similar income	490	608
Interest receivable on overpaid corporation tax	-	117
Dividend received	3,185	-
	<u>3,675</u>	<u>725</u>

Notes (continued)

5 Profit on ordinary activities before taxation

	2008 £000	2007 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation and other amounts written off tangible fixed assets:	393	256
Research and development	526	604
Operating lease rentals	383	308
Exchange (gain)	(1,997)	(246)
FRS20 share based payments expense	252	382
Auditors remuneration – Deloitte and Touche LLP		
- audit of these financial statements	-	95
- other audit services	56	-
- tax services	26	19
Auditors remuneration – KPMG Audit Plc		
- audit of these financial statements	50	-
	<u>50</u>	<u>-</u>

6 Staff costs

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

	Number of employees	
	2008	2007
Production	90	89
Sales	13	11
Administration	24	24
	<u>127</u>	<u>124</u>

The aggregate remuneration comprised:

	2008 £000	2007 £000
Wages and salaries	5,004	4,780
Social security costs	507	491
Other pension costs	492	669
	<u>6,003</u>	<u>5,940</u>

Notes (continued)

7 Directors' remuneration and transactions –Remuneration

The remuneration of the directors was as follows:

	2008 £000	2007 £000
Emoluments	7	-
Company contributions to money purchase pension schemes	1	-
	<u>8</u>	<u>-</u>

The remuneration of the highest paid director was as follows:

	2008 £000	2007 £000
Emoluments	7	-
Company contributions to money purchase pension schemes	1	-
	<u>8</u>	<u>-</u>

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

	2008 £000	2007 £000
Company contributions to money purchase pension schemes	1	-

In respect of 2007 the remuneration of certain directors was borne by other group companies. It is not practicable to allocate such remuneration between services to the company and other group companies.

In 2008 one Director was employed by the company, with effect from the 12th December 2008. As such, their monthly gross pay has been prorated based on the ration of 19/31.

Notes (continued)

8 Taxation

Analysis of charge in period

	2008 £000	2007 £000
<i>Current tax</i>		
Current UK corporation tax	0	228
Adjustments in respect of prior years	1	(14)
Total current tax	1	214
<i>Deferred tax</i>		
Origination/reversal of timing differences	(192)	74
Adjustments in respect of prior periods	24	-
Tax (credit)/charge on profit on ordinary activities	(167)	288

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2008 £000	2007 £000
Profit on ordinary activities before tax	4,917	982
Tax on profit on ordinary activities at standard UK corporation tax rate of 28.5% (2007: 30%)	1,401	295
<i>Effects of</i>		
Non taxable income	(908)	-
Expenses not deductible for tax purposes	177	7
Group relief claimed for nil consideration	(865)	-
Capital allowances in deficit of depreciation	117	(32)
Short-term timing differences	78	(42)
Adjustment to tax charge in respect of previous periods	1	(14)
Current tax	1	214

During the year ended 31 December 2008, a deferred tax asset of £262,911 (2007: £95,000) relating to accelerated capital allowances and short-term timing differences was recognised.

Notes (continued)

9 Share based payments

The company previously remunerated certain of its employees using share based payments. Equity instruments in SPX Corporation were granted at no exercise price to the recipient. The options granted vest in three equal instalments at one, two and three years after the date of grant. Options are forfeited if the employee leaves the group before the options vest. These were accounted for as equity-settled in the consolidated accounts of SPX however in accordance with UITF 44, in the company accounts these share based payments were treated as cash-settled as the company was required to settle this liability.

<i>Number of share options</i>	2008	2007
Outstanding at beginning of year	11,780	9,730
Granted during the year	4500	7,800
Forfeited during the year	(7,879)	-
Exercised during the year	(8,401)	(5,750)
Outstanding at the end of the year	-	11,780

The weighted average exercise price for the year was £33 (2007:£43). In 2008 options were granted on 1 February 2008. The fair value of the employee services received is measured by reference to the market value for those services at the date of vesting.

Following the sale of the company to Spectris Plc, options due to vest in 2009 were exercised on 12 December 2008 under a discretionary accelerated vesting as part of the sale agreement. All other options due to vest beyond 2009 were forfeited.

10 Tangible fixed assets

	Plant and machinery £000	Computer hardware £000	Computer software £000	Assets in course of construction £000	Leasehold Buildings £000	Total Tangible Fixed Assets £000
Cost						
At beginning of year	2,444	134	1,045	133	-	3,756
Additions	157	-	-	1,939	-	2,096
Disposals	(1,281)	-	(378)	-	-	(1,659)
Transfers	385	-	133	(2,072)	1,554	-
At end of year	1,705	134	800	-	1,554	4,193
Depreciation						
At beginning of year	2,213	24	180	-	-	2,417
Charge for year	110	19	214	-	50	393
On disposals	(1,258)	-	(58)	-	-	(1,316)
At end of year	1,065	43	336	-	50	1,494
Net book value						
At 31 December 2008	640	91	464	-	1,504	2,699
At 31 December 2007	231	110	865	133	-	1,339

Notes (continued)

11 Fixed asset investments

Subsidiary undertakings:

	Shares £000	Loans £000	Total £000
<i>Cost or valuation and net book value</i>			
At 31 December 2007	2,392	29	2,421
Disposal	(1,906)	(29)	(1,935)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	486	-	486
	<hr/>	<hr/>	<hr/>

The company has the following subsidiary undertakings:

	Country of incorporation £000	Holding £000	Percentage £000
LDS Test and Measurement Inc	USA	Ordinary shares	100%
LDS Test and Measurement GmbH	Germany	Ordinary shares	100%
LDS Test and Measurement Sarl	France	Ordinary shares	100%

LDS Test and Measurement Inc (incorporated in the USA), LDS Test and Measurement GmbH (incorporated in Germany) and LDS Test Measurement Sarl (incorporated in France) are engaged in marketing the products of LDS Test Measurement Limited in their respective countries.

The company's investment in British Electronic Controls Limited was previously carried at directors' valuation (at 1 January 2007: £1,986,000). The historic cost of the investment was £1,653,000. The valuation was made in 1987 to reflect the upward revaluation of the freehold property owned by British Electronic Controls Limited on the same date. The valuation had not been updated since that date. British Electronic Controls Limited was a wholly owned subsidiary of SRE Electronics Limited. During the year LDS Test and Measurement disposed of all of its shares in SRE Electronic Limited (see Note 14) and thus also disposed of its investment in British Electronic Controls Limited. At the time of sale the directors valuation was £1,935,000.

12 Stocks

	2008 £000	2007 £000
Raw materials and consumables	1,843	1,256
Work in progress	1,018	1,570
Finished goods and goods for resale	328	861
	<hr/>	<hr/>
	3,189	3,687
	<hr/>	<hr/>

There is no material difference between the balance sheet value of stocks and their replacement cost.

Notes (continued)

13 Debtors amounts falling due within one year

	2008 £000	2007 £000
Trade debtors	4,701	3,536
Amounts owed by group undertakings	16,411	16,632
Deferred tax assets	263	95
Other debtors	372	441
Prepayments and accrued income	244	41
	<u>21,991</u>	<u>20,745</u>

Included within amounts owed by group undertakings is £nil (2007: 12,123,000) that has been paid into the SPX group cash pool that is maintained by UD-RD Holding Company Limited, a fellow group undertaking prior to the sale of the company by the SPX Corporation to Spectris plc.

Deferred tax asset

	2008 £000
At 1 January 2008	95
Credit to profit and loss account	168
	<u>263</u>
At 31 December 2008	263

The deferred tax asset is analysed as follows:

	2008 £000	2007 £000
Capital allowances less than / (in excess) of depreciation	27	(72)
Short term timing differences	236	167
	<u>263</u>	<u>95</u>

14 Exceptional items

	2008 £000	2007 £000
Loss on sale of shares in SRE Electronics Limited	(1,248)	-
Write off of intercompany loan	(255)	-
	<u>(1,503)</u>	<u>-</u>
Total Exceptional Items	(1,503)	-

The company sold its shares with a carrying value of £1,935,000 in SRE Electronics to UD-RD Holdings Limited for £354,000. The carrying value included revalued amounts of £333,000 which had previously been credited to the revaluation reserve. After releasing this reserve to the profit and loss this results in a net realised loss of £1,248,000. During the year a loan balance of £255,000 to a fellow group undertaking was written off.

Notes (continued)

15 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Payments received in advance	419	905
Trade creditors	3,017	2,927
Amounts owed to group undertakings	942	5,247
Corporation tax payable	-	313
Other taxation and social security	136	127
Share based payments liability	-	108
Accruals and deferred income	1,855	1,476
	<u>6,369</u>	<u>11,103</u>

16 Provisions for liabilities

	Warranty provision £000
At beginning of year	183
Provision utilised during the year	(279)
Charged to the profit and loss for the year	409
	<u>313</u>
At end of year	

The warranty provision is established to recognise known and expected claims against delivered products within the contractual warranty period for such sales. The expenditure is expected to be incurred within 12 months of the balance sheet date.

Notes (continued)

17 Called up share capital

	2008 £000	2007 £000
<i>Authorised</i>		
10,076,440 Ordinary shares of £0.05 each	504	504
159,274 deferred shares of £1 each	159	159
	<hr/>	<hr/>
	663	663
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
4,992,060 Ordinary shares of £0.05 each	250	250
101,201 deferred shares of £1 each	101	101
	<hr/>	<hr/>
	351	351
	<hr/>	<hr/>

The deferred shares we issued at par on 1 March 1984 by converting existing £1 ordinary shares and re-designating them as deferred shares.

The deferred shares carry no voting rights or dividends but on winding up the holders shall be entitled out of the surplus of assets of the company to a return of capital paid up by them after a total of £40,000,000 has been distributed in such a winding up in respect of ordinary shares.

18 Reserves

	Other reserves £000	Revaluation reserves £000	Profit and loss account £000
At beginning of year	5,272	333	11,606
Profit for the year	-	-	5,084
Reversal of revaluation reserve upon sale of revalued fixed asset investment	-	(333)	-
	<hr/>	<hr/>	<hr/>
At end of year	5,272	-	16,690
	<hr/>	<hr/>	<hr/>

Notes (continued)

19 Reconciliation of movements in shareholders' funds

	2008 £000	2007 £000
Profit for the financial year	5,084	694
Reversal of revaluation reserve upon sale of revalued fixed asset investment	(333)	-
Opening shareholders' funds	17,562	16,868
	<u>22,313</u>	<u>17,562</u>

20 Pension arrangements

The company previously provided pension arrangements to a number of full-time employees through a defined benefit scheme. It also makes contributions to employees' money purchase schemes.

The defined benefit scheme provides benefits based on final pensionable pay. With effect from April 2006 along with six other occupational pension schemes belonging to the SPX Group of companies, the British Electronic Controls Limited Retirement and Death benefits scheme merged into the Joseph Mason plc (1982) Pension and Life Assurance Scheme. The merged plan was subsequently renamed the SPX UK Pension Plan and is closed to new members. Because LDS Test Measurement Limited is unable to identify its share of the merged plans assets and liabilities on a consistent and reasonable basis, the company accounted for its contributions as if it were a defined contribution scheme in accordance with the multi-employer scheme exemption under FRS 17. Consequently contributions to the scheme were charged to the profit and loss account as incurred.

During 2008 the company contributed £32,000 (2007: £32,000) towards the administration expenses of the scheme and paid a deficit contribution of £324,000 (2007: £487,000) during the year.

Upon acquisition of the company by Spectris Plc, all LDS employees participating in the SPX UK Pension Plan were transferred into the LDS Defined Contribution Scheme under the conditions that for a period of at least one year following completion of the acquisition by Spectris plc, the employer contributions provided under the defined contribution scheme shall be no lower as a percentage of pensionable salary than was paid in respect of those employees continuing service accrual under the SPX UK Pension Plan immediately prior to completion.

For contributions to defined contribution schemes the amount charged to the profit and loss account is the contribution payable in the year and the contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes (continued)

21 Financial commitments

Capital commitments at the end of the financial year are as follows:

	2008 £000	2007 £000
Contracted but not provided for	34	1,713

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

	2008 Land and buildings £000	Other £000	2007 Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	18	151	2
In the second to fifth years inclusive	-	130	-	20
Over five years	6,764	-	471	34
	<u>6,764</u>	<u>148</u>	<u>622</u>	<u>56</u>

22 Related party disclosures

As a subsidiary undertaking of Spectris plc, 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 Spectris plc.

23 Post balance sheet events

During 2009 the decision was taken to sell the trade and assets of LDS Test and Measurement Sarl within the Spectris group and close down the LDS French operation. The resultant profits from sale less the costs of closure of the operation has reduced the net assets position of LDS Test and Measurement Sarl to nil and accordingly the carrying value of the investment in LDS Sarl of £465,000 held in the LDS Test and Measurement Limited books has been written down to nil post year end.

24 Ultimate parent company and parent undertaking of larger group of which the company is a member

The directors regard Spectris plc, a company incorporated in the United Kingdom, as the ultimate parent company and the ultimate controlling party.

Spectris plc is the parent company of the largest and smallest group of which the company is a member and for which the group financial statements are drawn up. Copies of the financial statements are available from Station Road, Egham, Surrey, TW20 9NP