

# **SERVOMEX LIMITED**

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

Year ended 31 December 2003

Registered number 1938746  
Registered in England

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## **Directors' report**

The directors present their report and the financial statements for the year ended 31 December 2003.

### **Activities**

The principal activity of the company is that of a holding company.

### **Results and Dividends**

The company made a profit of the year of £7,551,000 (2002: £487,000 loss).

The directors do not recommend the payment of a dividend (2002: £nil)

### **Directors**

The directors who held office during the year were:

P V Boughton  
H D Nilsson  
J G Zacharias

### **Directors' interests**

The directors had no beneficial interests in the share capital of the company at the year end, as it is a wholly owned subsidiary of Spectris plc.

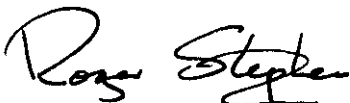
The interests of the directors in the shares of Spectris plc are shown in the financial statements of that company.

### **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**



**R. J. Stephens**  
*Company Secretary*  
31 March, 2004

## **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.

## KPMG Audit Plc

8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

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

We have audited the financial statements on pages 4 to 12.

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 2, 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 2003 and of its profit for the year then ended; and have been properly prepared in accordance with the Companies Act

1985  


**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
31 March, 2004

## **Profit and Loss Account**

For the year ended 31 December 2003

|                                                             | <i>Note</i> | <b>2003</b><br><b>£000</b> | 2002<br>£000        |
|-------------------------------------------------------------|-------------|----------------------------|---------------------|
| Administration Expenses                                     | 5           | (160)                      | (378)               |
| Other Income                                                | 5           | 7,820                      | -                   |
| <b>Profit/(loss) on ordinary activities before interest</b> |             | <b>(160)</b>               | <b>(378)</b>        |
| Interest payable and similar charges                        | 6           | (193)                      | (191)               |
| <b>Profit/(loss) on ordinary activities before taxation</b> |             | <b>(353)</b>               | <b>(569)</b>        |
| Tax on profit on ordinary activities                        | 7           | 84                         | 101                 |
| <b>Retained profit/(loss) for the financial year</b>        |             | <b><u>(269)</u></b>        | <b><u>(468)</u></b> |

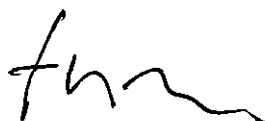
There were no recognised gains or losses in the period other than those which have been dealt with in the profit and loss account and accordingly a statement of total recognised gains and losses is not presented. All income arises from continuing activities.

## Balance Sheet

As at 31 December 2003

|                                                | <i>Note</i> | <b>2003</b><br><b>£000</b> | 2002<br>£000        |
|------------------------------------------------|-------------|----------------------------|---------------------|
| <b>Fixed assets</b>                            |             |                            |                     |
| Tangible assets                                | <i>9</i>    | 640                        | 764                 |
| Investments in subsidiaries                    | <i>10</i>   | <u>19,882</u>              | <u>19,882</u>       |
|                                                |             | <b>20,522</b>              | <b>20,646</b>       |
| <b>Current assets</b>                          |             |                            |                     |
| Debtors: amounts falling due within one year   | <i>11</i>   | 2,032                      | 1,837               |
| <b>Current liabilities</b>                     |             |                            |                     |
| Creditors: amounts falling due within one year | <i>12</i>   | <u>(10,188)</u>            | <u>(17,672)</u>     |
| <b>Net current assets</b>                      |             | (8,156)                    | (15,835)            |
| Provisions for liabilities and charges         | <i>13</i>   | (54)                       | (50)                |
| <b>Net Assets</b>                              |             | <u><u>12,312</u></u>       | <u><u>4,761</u></u> |
| <b>Capital and reserves</b>                    |             |                            |                     |
| Called up share capital                        | <i>15</i>   | 517                        | 517                 |
| Share premium account                          | <i>16</i>   | 2,087                      | 2,087               |
| Other reserves                                 | <i>16</i>   | 2,256                      | 2,256               |
| Profit and loss reserves                       | <i>16</i>   | (368)                      | (99)                |
| <b>Shareholders' Funds</b>                     |             | <u><u>4,492</u></u>        | <u><u>4,761</u></u> |

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



**J. G. Zacharias**  
*Director*  
 31 March, 2004

## Notes to the financial statements

### 1. Accounting policies

#### ***Basis of accounting***

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

#### ***Consolidation***

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

#### ***Foreign Currencies***

Assets and liabilities recorded in foreign currencies are translated into sterling at the rates ruling at 31 December. Profit and loss accounts in foreign currencies are translated into sterling at the average rates applicable during the year or, where applicable, at the estimated sterling equivalent, taking account of further foreign exchange contracts.

Exchange adjustments arising from the retranslation of opening net investments and from the translation of profits and losses are taken to reserves.

Exchange movements relating to borrowings that have been used to finance or provide a hedge against foreign equity investments are taken to reserves to the extent that they are matched by exchange movements on those investments, together with the taxation thereon.

Realised exchange differences arising on trading transactions are taken to the profit and loss account.

#### ***Tangible fixed assets***

With the exception of freehold land, tangible fixed assets are depreciated at rates calculated to write off the original cost or subsequent valuation, less the estimated residual value, in equal instalments over the expected useful life of the assets concerned.

Depreciation is provided at the following rates on a straight line basis:

|                   |    |
|-------------------|----|
| Freehold building | 2% |
|-------------------|----|

#### ***Fixed Asset Investments***

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

#### ***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.

#### ***Pension costs***

In respect of the defined benefit pension plans, pension fund contributions are based on percentages of employees' wages and salaries in accordance with the recommendations of the scheme actuary. Contributions are charged to profit and loss account with variations due to a fund valuation surplus or deficiency apportioned over the average future service lives of the membership.

In the case of defined contribution plans, contributions are charged to the profit and loss account as incurred.

## Notes to the financial statements continued

### ***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 18.

### **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.

### **5. Operating profit / (loss)**

Operating loss is stated after charging/(crediting):

|                                | 2003    | 2002 |
|--------------------------------|---------|------|
|                                | £000    | £000 |
| Depreciation                   | 49      | 49   |
| Additional pension costs       | 62      | 530  |
| Write off of intercompany loan | (7,605) |      |

### **6. Interest payable and similar charges**

On borrowing repayable wholly within five years:

|                           | 2003       | 2002       |
|---------------------------|------------|------------|
|                           | £000       | £000       |
| Bank loans and overdrafts | 129        | 99         |
| Other loans               | 64         | 92         |
|                           | <u>193</u> | <u>191</u> |



## Notes to the financial statements continued

|                                                           |             |              |
|-----------------------------------------------------------|-------------|--------------|
| <b>7. Tax on loss on ordinary activities</b>              | <b>2003</b> | <b>2002</b>  |
|                                                           | <b>£000</b> | <b>£000</b>  |
| <i>UK Corporation Tax</i>                                 |             |              |
| Corporation tax on income for the year at 30% (2002: 30%) | (83)        | (157)        |
| Adjustments in respect of prior periods                   | (5)         | 6            |
|                                                           | <hr/>       | <hr/>        |
| Total current tax charge/(credit)                         | (88)        | (151)        |
| Deferred tax                                              | 4           | 50           |
|                                                           | <hr/>       | <hr/>        |
| Total charge/(credit)                                     | <u>(84)</u> | <u>(101)</u> |

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

|                                                 |              |              |
|-------------------------------------------------|--------------|--------------|
| Profit/(Loss) on ordinary activities before tax | <u>(353)</u> | <u>(569)</u> |
| Current tax charge/(credit) at 30% (2002: 30%)  | 2,178        | (176)        |
| Non deductible expenditure                      | 24           | 23           |
| Non taxable income                              | (2,281)      | -            |
| Timing differences                              | (4)          | (4)          |
| Adjustments to prior year tax charge            | (5)          | -            |
|                                                 | <hr/>        | <hr/>        |
| Current tax charge/(credit)                     | <u>(88)</u>  | <u>(157)</u> |

## 8. Pension costs

The company participates in a multi-employer pension scheme (the Servomex Pension and Assurance Scheme) providing benefits based on final pensionable pay. Because the Company is unable to identify its share of the Scheme's assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 "Retirement Benefits" the Scheme is accounted for by the Company as if it were a defined contribution scheme. The Scheme had a deficit as 31 December 2003 of £5.35m deficit (2002: £3.95m deficit).

The latest full actuarial valuation was carried out as at 30 June 2002 and was updated for FRS 17 purposes to 31 December 2003 by an independent qualified actuary.

The Servomex Pension & Assurance Scheme is closed to new employees. Contributions payable by the company amounted to £nil for the year ended 31 December 2003 (2002 nil).

Further details are given in the accounts of Spectris plc.

## Notes to the financial statements continued

### 9. Tangible fixed assets

|                        | 2003<br>£000 |
|------------------------|--------------|
| <i>Cost:</i>           |              |
| At 1 January 2003      | 2,255        |
| Disposals              | (75)         |
| At 31 December 2003    | <u>2,180</u> |
| <i>Depreciation:</i>   |              |
| At 1 January 2003      | 1,491        |
| Charge for the year    | 49           |
| At 31 December 2003    | <u>1,540</u> |
| <i>Net Book Value:</i> |              |
| At 31 December 2003    | 640          |
| At 31 December 2002    | 764          |

### 10. Fixed Asset Investments

|                              | 2003<br>£000  |
|------------------------------|---------------|
| Shares in Group Undertakings |               |
| At 1 January 2003            | 19,882        |
| Additions                    | <u>-</u>      |
|                              | 19,882        |
| Disposals                    | <u>-</u>      |
| At 31 December 2003          | <u>19,882</u> |

No provision for impairment of investments has been made. In the opinion of the directors the value of the company's interest in its subsidiaries is not less than the amount stated in the balance sheet.

## Notes to the financial statements continued

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

|                               | Country of incorporation |
|-------------------------------|--------------------------|
| Servomex Group Ltd            | England                  |
| Servomex SA                   | France                   |
| Servomex GmbH                 | Germany                  |
| Servomex BV                   | Netherlands              |
| Servomex Asia Pacific Limited | Taiwan                   |
| Servomex Overseas Ltd         | England                  |
| Servomex UK Holdings Ltd      | England                  |
| Servomex Holdings GmbH        | Germany                  |
| Servomex Holdings BV          | Netherlands              |
| Servomex Holdings SAS         | France                   |

### 11. Debtors

|                                     | 2003         | 2002         |
|-------------------------------------|--------------|--------------|
|                                     | £000         | £000         |
| Amounts falling due within one year |              |              |
| Amounts owed by group undertakings  | 1,646        | 1,648        |
| Other debtors                       | 303          | 26           |
| Corporation tax                     | 83           | 163          |
|                                     | <u>2,032</u> | <u>1,837</u> |

### 12. Creditors

|                                     | 2003          | 2002          |
|-------------------------------------|---------------|---------------|
|                                     | £000          | £000          |
| Amounts falling due within one year |               |               |
| Amounts owed to group undertakings  | 9,968         | 14,552        |
| Bank loans and overdrafts           | 12            | 3,078         |
| Accruals and deferred income        | 208           | 42            |
|                                     | <u>10,188</u> | <u>17,672</u> |

### 13. Deferred tax liability

|                                                                    | 2003      | 2002      |
|--------------------------------------------------------------------|-----------|-----------|
|                                                                    | £000      | £000      |
| The elements of deferred taxation are as follows:                  |           |           |
| Difference between accumulated depreciation and capital allowances | 54        | 50        |
|                                                                    | <u>54</u> | <u>50</u> |

## Notes to the financial statements continued

### 14. 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 2003:

|                             |            |                    |
|-----------------------------|------------|--------------------|
| Royal Bank of Scotland plc: | Nil        | (2002 £56,385,000) |
| Royal Bank of Scotland plc: | £5,684,000 | (2002: £7,318,000) |

The company has been released from its guarantee in respect of Bank One NA (2002: £30,000,000).

### 15. Share Capital

|                                           | Number of<br>shares<br>000s | £000       |
|-------------------------------------------|-----------------------------|------------|
| <b>Authorised</b>                         |                             |            |
| Ordinary shares of 5p each                | <u>15,000</u>               | <u>750</u> |
| <b>Issued and fully paid</b>              |                             |            |
| Balance at 1 January and 31 December 2003 | <u>10,339</u>               | <u>517</u> |

### 16. Reserves

|                              | Share<br>Premium<br>£000 | Other<br>Reserves<br>£000 | Profit and<br>Loss<br>£000 | Total<br>£000       |
|------------------------------|--------------------------|---------------------------|----------------------------|---------------------|
| At 1 January 2003            | 2,087                    | 2,256                     | (99)                       | 4,244               |
| Retained profit for the year | -                        | -                         | (269)                      | (269)               |
| <b>At 31 December 2003</b>   | <u><b>2,087</b></u>      | <u><b>2,256</b></u>       | <u><b>(368)</b></u>        | <u><b>3,975</b></u> |

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

### 17. Reconciliation of movements in equity shareholders' funds

|                                           | 2003<br>£000        | 2002<br>£000        |
|-------------------------------------------|---------------------|---------------------|
| Opening equity shareholders' funds        | 4,780               | 5,248               |
| Profit/(Loss) for the financial year      | (269)               | (468)               |
| <b>Closing equity shareholders' funds</b> | <u><b>4,511</b></u> | <u><b>4,780</b></u> |

## **Notes to the financial statements continued**

### **18. 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