

**NDC TECHNOLOGIES LIMITED**  
**(previously NDC INFRARED ENGINEERING LIMITED)**

**Annual Report and Financial Statements**  
**For the year ended 31 December 2014**  
**Registered number: 00630998**

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**NDC Technologies Limited****Annual Report****For the year ended 31 December 2014**

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## **NDC Technologies Limited**

The directors present the Strategic Report, Directors' Report and financial statements for the year ended 31 December 2014.

### **Strategic report**

**For the year ended 31 December 2014**

#### **Principal activities**

The principal activities of the Company are the design, manufacture and worldwide sale of a range of on-line industrial instrumentation used in the food, plastics, tobacco, web, print and packaging, pulp and paper and converting industries.

#### **Review of business, future developments and post balance sheet events**

The Company continues to be a premium supplier for our global customers providing instrumentation products to monitor production in continuous production processes to improve productivity and yield and reduce costs.

Effective 23 December, 2014, the company has changed its name to NDC Technologies Limited.

#### **The operating and financial review of the business:**

##### **Performance**

- Turnover at £20,287,000 (2013: £23,467,000) is 14% lower than the prior year. This drop is mainly due to a slowdown in our China Tobacco business and the European OEM business. Operating profit decreased by 18% to £4,997,000 (2013: £6,109,000) due to decreased sales volume and decreased gross margins.
- Orders obtained during 2014 were £18,533,000 (2013: £21,731,000) being 15% lower than 2013. This contributes towards an ending order book of £2,629,000 at 31 December 2014 (2013: £4,597,000).
- Net current assets showed a £4,266,000 increase during 2014 (2013: £4,952,000 increase). Trade debtors of £2,951,000 (2013: £3,822,000) were 23% lower than the prior year. Average debtor days of 69 days in 2014 compared to 63 days in 2013. Net amounts owed by group undertakings increased by £6,448,000 from £16,931,000 in 2013 to £23,379,000 in 2014.
- Other key performance measures showed the Company achieved an operating profit to turnover ratio of 24.6% compared to 26.0% in 2013 with a cash conversion ratio which is defined as operating cash flow divided by operating profit of 105% compared to last year of 101%.

## **NDC Technologies Limited**

### **Strategic report (continued)**

**For the year ended 31 December 2014**

The directors are satisfied with the results that have been achieved. There have been no significant post balance sheet events through to the date of this report.

### **Future developments**

The Company operates in a very competitive environment but has future expectations of continuing growth dependant on maintaining existing customer relationships and by developing new products and services and winning new customers. The Company is hopeful it can achieve these objectives supported by the backlog and sales orders forecast in 2015.

### **Principal risks and uncertainties facing the company**

#### ***Operational risks***

#### **Political and economic environment**

The Company operates in a range of end-user markets around the world. Potential risk exists, therefore, in the ability to carry out our strategy and do business as a result of material adverse changes in the political and economic environments in the countries in which the Company operates. The Company has a broad spread of markets, products and customers, which limit this risk to a certain degree.

During 2014, economic conditions were essentially the same as in 2013 as evidenced by the economic growth rates in the industrialized countries. The company was impacted by a significant reduction in the China tobacco as well as a reduction in European OEM business, resulting in year on year sales being down 14%.

#### **New product development**

In order to sustain competitive advantage, the Company invests significantly in research and development. The development of all new technologies and products involves risk, including the product being more expensive, or taking longer, to develop than originally planned; that the market for the product is smaller than originally envisaged; or that the product fails to reach the production stage.

To minimise this risk, we use a "stage-gate" approach in new product development, which requires "go/no-go" decisions at various stages during the development cycle.

## **NDC Technologies Limited**

### **Strategic report (continued) For the year ended 31 December 2014**

#### **Competitive activity**

The nature of the marketplace means that the business is exposed to risk from competitor activity.

The Company seeks to maintain market-leading positions by investment in research and development. The diversity of our products and markets, and the high barriers to entry, limit the overall risk from any single competitor. Our business model means that we are able to react quickly to changes in customer and market demand.

Potential risk from loss of a key customer is limited as no single customer accounts for more than 7% of turnover with the second largest customer accounting for 4% of total turnover.

#### ***Financial Risks***

##### **Fluctuations in exchange rates**

We operate around the world selling and buying goods in foreign currencies. We are therefore exposed to any significant changes in foreign currency exchange rates between a number of different currencies.

Foreign exchange transaction risk is managed principally by hedging contracts through the ultimate parent company treasury function.

In order to minimise interest cost and maximise interest income, the Company passes surplus funds to its parent company treasury department through intercompany loans.

##### **Intellectual property risk**

To protect the company's intellectual property, we own and protect patents, trademarks, trade secrets, copyright information and intellectual property licenses. The risk exists that these may be infringed by third parties or that we may inadvertently infringe third-party rights. Although these are important to growth as a whole, no single patent, trade secret or trademark is sufficiently important to present a material risk to the success of the Company.

Appropriate measures are taken to protect the Company's intellectual property rights and to minimise the risk of infringement by third parties. The Company is prepared to initiate legal action if necessary to safeguard its interests. Inadvertent infringement of third-party rights also presents a risk and the Company has procedures in place to maintain a watching brief on new applications and to undertake specific reviews prior to commencing new product development programmes, acquisitions or licenses.

**NDC Technologies Limited****Strategic report (continued)**  
**For the year ended 31 December 2014****Information technology/business disruption**

We depend on timely and reliable information from key software applications to aid day-to-day operational management and to provide accurate financial information for our head office.

Whilst we endeavour to ensure the continuous availability and operation of these systems and software, any disruption could delay or otherwise impact day-to-day decision making. Disaster recovery plans to maintain business-critical processes and activities in the event of a significant interruption to the normal course of business are in place and are regularly tested.

**By order of the Board****D Cheshire**  
**President****Date** *26<sup>th</sup> July, 2015.*

Registered Office:  
Bates Road  
Maldon  
Essex  
CM9 5FA

## **NDC Technologies Limited**

### **Directors' report For the year ended 31 December 2014**

#### **Profit and dividends**

The profit and loss account for the year is set out on page 12.

The directors have not declared a dividend in respect of the year ended 31 December 2014 (2013: £nil).

#### **Directors**

The directors who held office during the year were as follows.

B C Beadle (resigned 31/01/2014)  
I B Benson  
D J Atkinson  
D M Wambold  
S Blair (resigned 25/02/2014)  
D Cheshire (appointed 03/04/2014)

No director had, during the year or at the end of the year, any material interest in any contract of significance to the Company's business.

#### **Political and charitable contributions disclosure**

The Company made no charitable or political donations during the year (2013: £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/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 auditor is aware of that information.

**NDC Technologies Limited****Directors' report (continued)**  
**For the year ended 31 December 2014****Auditor**

KPMG Audit Plc resigned as auditor on 12 November 2014 pursuant to section 516 of the Companies Act 2006. On 1 December 2014 the directors appointed KPMG LLP as auditor of the company under section 485(3) of the Companies Act 2006. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

**By order of the Board**

**D Cheshire**  
**President**

**Date** *24<sup>th</sup> July, 2015.*

Registered Office:  
Bates Road  
Maldon  
Essex  
CM9 5FA



## **NDC Technologies Limited**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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.

## **Independent auditor's report to the members of NDC Technologies Limited**

We have audited the financial statements of NDC Technologies Limited for the year ended 31 December 2014 set out on pages 12 to 29. 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 auditors' 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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](http://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 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report to the members of NDC Technologies 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.



Richard Broadbelt (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
15 Canada Square  
London  
E14 5GL

Date 27/7/15

## NDC Technologies Limited

### Profit and loss account For the year ended 31 December 2014

|  | Note  | 2014<br>£'000 | 2013<br>£'000 |
|--|-------|---------------|---------------|
| Turnover   | 2     | 20,287        | 23,467        |
| Cost of sales  |       | (9,382)       | (9,350)       |
| <b>Gross profit</b>                                  |       | <b>10,905</b> | <b>14,117</b> |
| Administrative expenses                              |       | (5,908)       | (8,008)       |
| <b>Operating profit</b>                              |       | <b>4,997</b>  | <b>6,109</b>  |
| Other interest receivable and similar income         | 6     | 64            | 46            |
| <b>Profit on ordinary activities before taxation</b> | 3-5   | <b>5,061</b>  | <b>6,155</b>  |
| Tax on profit on ordinary activities                 | 7     | (812)         | (1,218)       |
| <b>Profit for the financial year</b>                 | 19,20 | <b>4,249</b>  | <b>4,937</b>  |

All of the above results relate to continuing activities.

The Company has no recognised gains and losses other than those shown above and therefore no separate statement of total gains and losses has been presented.

The notes on pages 14 to 29 form part of the financial statements.

A note on historical gains and losses has not been included as part of the financial statements as the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

## NDC Technologies Limited

### Balance sheet at 31 December 2014

|   | Note | 2014<br>£'000 | 2013<br>£'000 |
|---|------|---------------|---------------|
| <b>Fixed assets</b>                                   |      |               |               |
| Tangible assets                                       | 9    | 171           | 212           |
| <b>Current assets</b>                                 |      |               |               |
| Stocks  | 11   | 450           | 550           |
| Debtors   | 12   | 27,823        | 22,597        |
| Cash at bank and in hand                              |      | 1,746         | 3,371         |
|   |      | <u>30,019</u> | <u>26,518</u> |
| <b>Creditors: amounts falling due within one year</b> | 13   | (2,590)       | (3,355)       |
| <b>Net current assets</b>                             |      | <u>27,429</u> | <u>23,163</u> |
| <b>Total assets less current liabilities</b>          |      | 27,600        | 23,375        |
| <b>Provision for liabilities</b>                      | 15   | (19)          | (43)          |
| <b>Net assets</b>                                     |      | <u>27,581</u> | <u>23,332</u> |
| <b>Capital and reserves</b>                           |      |               |               |
| Called up share capital                               | 18   | 102           | 102           |
| Profit and loss account                               | 19   | 27,479        | 23,230        |
| <b>Shareholders' funds</b>                            | 20   | <u>27,581</u> | <u>23,332</u> |

The notes on pages 14 to 29 form part of the financial statements.

These financial statements were approved by the board of directors on 24 July 2015 and were signed on its behalf by:



**Drew Cheshire**  
Director  
Registered Number: 00630998

## **NDC Technologies Limited**

### **Notes to the financial statements for the year ended 31 December 2014**

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

#### **1 Principal accounting policies**

##### **Basis of preparation**

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

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

##### **Going concern**

The Board have reviewed the Company's plans for the 12 month period subsequent to the signature of these financial statements and the available financial facilities. Based on this and together with the support of its ultimate parent Company, although not formally provided, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the Company's accounts.

##### **Turnover**

Turnover consists of amounts invoiced (excluding value added tax) in the ordinary course of business for goods supplied and for services provided. Turnover is recognised when the goods have been delivered in accordance with the contract with the customer. Revenue from customer service agreements is apportioned on a straight-line basis over the period of the contract.

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

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows:

|                     | <u>%</u> |
|---------------------|----------|
| Plant and machinery | 7-33     |
| Computer assets     | 20-33    |

## **NDC Technologies Limited**

### **Notes (continued)**

#### **1 Principal accounting policies (continued)**

##### **Operating leases**

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

##### **Stocks**

###### Raw materials and consumables

Raw materials and consumables are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

###### Work in progress and finished goods

Work in progress and finished goods (systems) are stated at the lower of production cost and net realisable value. Production cost consists of direct materials and labour and an appropriate proportion of the attributable overheads.

###### Demonstration equipment

Equipment held for demonstration purposes is written off to the profit and loss account on a straight line basis over 3 years.

##### **Foreign currencies**

Monetary assets and liabilities denominated in overseas currencies are translated into sterling at the rates ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

##### **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.

##### **Research and development**

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

# **NDC Technologies Limited**

## **Notes (continued)**

### **1 Principal accounting policies (continued)**

#### **Post-retirement benefits**

The Company participates in the Spectris Plc defined contribution scheme. The assets of the scheme are held separately from those of the Company in independently administered funds.

The amount charged to profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### **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 administrative 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.

### **2 Turnover**

|  | <b>2014</b>   | <b>2013</b>   |
|--|---------------|---------------|
|  | <b>£'000</b>  | <b>£'000</b>  |
| <b>Analysis of turnover by geographical region</b> |               |               |
| United Kingdom                                     | <b>1,704</b>  | 1,579         |
| Rest of the world                                  | <b>18,583</b> | 21,888        |
|  | <b>20,287</b> | <b>23,467</b> |



**NDC Technologies Limited**  
Notes (continued)

**3 Notes to the Profit and Loss account**

*The profit on ordinary activities before taxation is stated after charging/(crediting):*

|  | <b>2014</b><br><b>£'000</b> | 2013<br>£'000 |
|--|-----------------------------|---------------|
| Research and development expense                   | <b>471</b>                  | 517           |
| Profit/(Loss) on disposal of tangible fixed assets | <b>22</b>                   | 15            |
| Rentals payable under operating leases             |                             |               |
| - Land and buildings                               | <b>146</b>                  | 134           |
| - Other assets                                     | <b>119</b>                  | 132           |
| Exchange losses / (gains)                          | <b>78</b>                   | 103           |
| Depreciation charge for the year:                  |                             |               |
| - Tangible owned fixed assets                      | <b>133</b>                  | 106           |
| Auditors' remuneration                             |                             |               |
| - Audit of these financial statements              | <b>24</b>                   | 27            |
| - Other services                                   | <b>1</b>                    | 1             |

**4 Remuneration of Directors**

|  | <b>2014</b><br><b>£'000</b> | 2013<br>£'000 |
|--|-----------------------------|---------------|
| Directors' emoluments                                      | <b>121</b>                  | 104           |
| Company pension contributions to money purchase Schemes    | <b>8</b>                    | 8             |
|  | <b>129</b>                  | 112           |
| Aggregate emoluments of the highest paid director          | <b>121</b>                  | 104           |
| Company pension contributions of the highest paid director | <b>8</b>                    | 8             |
|  | <b>129</b>                  | 112           |

Retirement benefits are accruing to one director (2013: one) under the Company's money purchase scheme. One director was employed by the Company continuously throughout the year. The remuneration of other directors is paid by fellow group companies representing the time spent by the respective directors.

**NDC Technologies Limited**  
Notes (continued)

**5 Staff numbers and costs**

The average number of persons (including directors) employed by the Company during the year by category was:

| <b>By activity</b>       | <b>2014<br/>Number</b> | <b>2013<br/>Number</b> |
|--------------------------|------------------------|------------------------|
| Production/Engineering   | 10                     | 11                     |
| Selling and distributing | 39                     | 38                     |
| Administration           | 3                      | 4                      |
|                          | <b>52</b>              | <b>53</b>              |

|  | <b>2014<br/>£'000</b> | <b>2013<br/>£'000</b> |
|--|-----------------------|-----------------------|
| <b>The aggregate payroll costs of these persons were as follows:</b> |                       |                       |
| Wages and salaries   | 2,461                 | 2,930                 |
| Share based payments (see note 14)                                   | -                     | 35                    |
| Social security costs  | 387                   | 459                   |
| Other pension costs (see note 17)                                    | 97                    | 116                   |
|  | <b>2,945</b>          | <b>3,540</b>          |

**6 Other interest receivable and similar income**

|   | <b>2014<br/>£'000</b> | <b>2013<br/>£'000</b> |
|---|-----------------------|-----------------------|
| Interest receivable from group undertakings | 64                    | 46                    |

**NDC Technologies Limited**  
Notes (continued)

**7 Tax on profit on ordinary activities**

| Analysis of charge in the year:            | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|--|-----------------------------|-----------------------------|
| <i>UK Corporation tax:</i>                 |                             |                             |
| Current tax on income for the year         | <b>778</b>                  | 1,171                       |
| Adjustments in respect of prior years      | <b>(14)</b>                 | 5                           |
|  | <hr/> <b>764</b>            | 1,176                       |
| <i>Foreign taxation:</i>                   |                             |                             |
| Current tax on income for the year         | <b>35</b>                   | 21                          |
| Adjustment in respect of prior periods     | <b>15</b>                   | (5)                         |
| Total current tax charge                   | <hr/> <b>814</b>            | 1,192                       |
| <i>Deferred tax:</i>                       |                             |                             |
| Origination/reversal of timing differences | <b>(6)</b>                  | (9)                         |
| Adjustments in respect of prior years      | <b>4</b>                    | 23                          |
| Effect of decrease in tax rate             | <b>-</b>                    | 12                          |
| Total deferred tax charge / (credit)       | <hr/> <b>(2)</b>            | 26                          |
| Tax on profit on ordinary activities       | <hr/> <b>812</b>            | 1,218                       |

**NDC Technologies Limited**  
Notes (continued)

**7 Tax on profit on ordinary activities (continued)**

The current tax charge for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below.

|   |              |       |
|---|--------------|-------|
| Current tax reconciliation:                               | <b>2014</b>  | 2013  |
|   | <b>£'000</b> | £'000 |
| Profit on ordinary activities before tax                  | <b>5,061</b> | 6,155 |
| Current tax at 21.5% (2013: 23.25%)                       | <b>1,088</b> | 1,431 |
| Effect of:  |              |       |
| Expenses not deductible for tax purposes                  | <b>(300)</b> | (250) |
| Capital allowances in excess of depreciation for the year | <b>11</b>    | 4     |
| Additional allowance for Research and Development         | -            | (6)   |
| Other timing differences                                  | <b>(5)</b>   | 13    |
| Adjustments in respect of prior years                     | <b>1</b>     | -     |
| Overseas taxation   | <b>35</b>    | 21    |
| Overseas branch profits exemption                         | <b>(16)</b>  | (21)  |
| Total current tax charge (see previous page)              | <b>814</b>   | 1,192 |

**Factors that may affect future current and total tax charges in future years**

A reduction in the UK corporation tax rate from 21% (effective from 1 April 2014) to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% and therefore quantifies the full anticipated effect of the rate reductions substantively enacted at the balance sheet date.

**NDC Technologies Limited**  
Notes (continued)

**8 Dividends**

There were no dividends proposed or paid in 2014 or 2013.

**9 Tangible fixed assets**

|                                | <b>Plant and<br/>machinery<br/>£'000</b> | <b>Computer<br/>assets<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--------------------------------|--|--------------------------------------|------------------------|
| <b>Cost</b>                    |  |                                      |                        |
| At 1 January 2014              | 1,335                                    | 741                                  | 2,076                  |
| Additions                      | 81                                       | 19                                   | 100                    |
| Disposals                      | (363)                                    | (324)                                | (687)                  |
| <b>At 31 December 2014</b>     | <b>1,053</b>                             | <b>436</b>                           | <b>1,489</b>           |
| <b>Depreciation</b>            |  |                                      |                        |
| At 1 January 2014              | 1,293                                    | 571                                  | 1,864                  |
| Charge for year                | 74                                       | 59                                   | 133                    |
| Disposals                      | (361)                                    | (318)                                | (679)                  |
| <b>At 31 December 2014</b>     | <b>1,006</b>                             | <b>312</b>                           | <b>1,318</b>           |
| <b>NBV at 31 December 2014</b> | <b>47</b>                                | <b>124</b>                           | <b>171</b>             |
| NBV at 31 December 2013        | 42                                       | 170                                  | 212                    |

**NDC Technologies Limited**  
Notes (continued)

**10 Operating lease commitments**

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

|                           | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|---------------------------|-----------------------------|-----------------------------|
| Land and buildings:       |                             |                             |
| Expiring within 1 year    | <b>136</b>                  | -                           |
| Expiring within 2-5 years | -                           | <b>123</b>                  |
|                           | <b>136</b>                  | <b>123</b>                  |
| Other assets:             |                             |                             |
| Expiring within 1 year    | 28                          | 11                          |
| Expiring within 2-5 years | 164                         | 117                         |
|                           | <b>192</b>                  | <b>128</b>                  |

**11 Stocks**

|                               | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|-------------------------------|-----------------------------|-----------------------------|
| Raw materials and consumables | <b>253</b>                  | 194                         |
| Work in progress              | <b>26</b>                   | 17                          |
| Finished goods                | <b>143</b>                  | 327                         |
| Demonstration equipment       | <b>28</b>                   | 12                          |
|                               | <b>450</b>                  | <b>550</b>                  |

**NDC Technologies Limited**  
Notes (continued)

**12 Debtors**

|                                    | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|------------------------------------|-----------------------------|-----------------------------|
| <b>Due within one year</b>         |                             |                             |
| Trade debtors                      | <b>2,951</b>                | 3,822                       |
| Amounts owed by group undertakings | <b>24,438</b>               | 18,281                      |
| Other debtors                      | <b>294</b>                  | 344                         |
| Deferred tax asset (see note 16)   | <b>60</b>                   | 58                          |
| Prepayments and accrued income     | <b>80</b>                   | 92                          |
|                                    | <b>27,823</b>               | <b>22,597</b>               |

**13 Creditors: amounts falling due within one year**

|  | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|--|-----------------------------|-----------------------------|
| Payments received on account             | <b>410</b>                  | 358                         |
| Trade creditors                          | <b>210</b>                  | 546                         |
| Amounts owed to group undertakings       | <b>1,059</b>                | 1,350                       |
| Other taxation and social security costs | <b>33</b>                   | 59                          |
| Accruals and deferred income             | <b>878</b>                  | 1,042                       |
|  | <b>2,590</b>                | <b>3,355</b>                |

## NDC Technologies Limited

### Notes (continued)

#### 14 Share based payments

Under the Performance Share Plan (unapproved share options as defined by HMRC), the exercise price is the nominal cost of the company's shares. Awards made in 2009 have performance criteria subject to the earnings per share of Spectris plc in respect of 50% of the award and operating company profit targets in respect of 50% of the award. For awards made in 2010, 2011, 2012, 2013 and 2014, 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 following vesting.

During 2011, 2012, 2013 and 2014, Performance Share Plan options were granted that were approved share options as defined by HMRC. The performance criteria and vesting conditions are consistent with the unapproved options granted described above.

The approved share options are linked to the unapproved share options in order to benefit from the tax-exempt status of approved share option grant(s) to a value not exceeding £30,000. Should there be a gain on exercise under the approved options, such gain will cause a proportionate reduction in the number and value of the linked unapproved options. Should there be no gain on exercise under the approved options, these options are then forfeited and the linked unapproved options may be exercised in full, to the extent their performance criteria are met.

The company has recognised a charge £nil (2013: £35,000) in administrative expenses in relation to the above schemes.

#### Share options outstanding at the year end

| Performance Share Plan (Unapproved) – year of grant | Exercise price (£) | Exercise period | 2014 Number | 2013 Number |
|---|--------------------|-----------------|-------------|-------------|
| 2009  | 0.05               | 2012-2019       | -           | 245         |
| 2010  | 0.05               | 2013-2020       | 670         | 1,294       |
| 2011  | 0.05               | 2014-2021       | 1,015       | 4,050       |
| 2012  | 0.05               | 2015-2022       | 3,825       | 3,825       |
| 2013  | 0.05               | 2016-2023       | 2,870       | 2,870       |
| 2014  | 0.05               | 2017-2024       | 2,530       | -           |

| Performance Share Plan (Approved) – year of grant | Exercise price (£) | Exercise period | 2014 Number | 2013 Number |
|---|--------------------|-----------------|-------------|-------------|
| 2012  | 17.31              | 2015-2022       | 3,258       | 3,258       |
| 2013  | 24.10              | 2016-2023       | 1,250       | 1,250       |
| 2014  | -                  | -               | -           | -           |



**NDC Technologies Limited**  
Notes (continued)

**14 Share based payments (continued)**

**Share options outstanding at the year end**

|  |  |  | <b>2014</b>                            | <b>2014</b>              |
|--|--|--|--|--------------------------|
| <b>Performance Share Plan (Unapproved)</b> |  |  | <b>Weighted average exercise price</b> | <b>Number of options</b> |
| Outstanding at the beginning of the year   |  |  | 0.05                                   | 12,284                   |
| Granted during the year                    |  |  | 0.05                                   | 2,740                    |
| Additions of reinvested dividends          |  |  | 0.05                                   | 96                       |
| Exercised during the year                  |  |  | 0.05                                   | (573)                    |
| Lapsed during the year                     |  |  | 0.05                                   | (3,637)                  |
| Outstanding at the end of the year         |  |  | <b>0.05</b>                            | <b>10,910</b>            |
| Exercisable at the end of the year         |  |  | <b>0.05</b>                            | <b>1,685</b>             |

|  |  |  | <b>2014</b>                            | <b>2014</b>              |
|--|--|--|--|--------------------------|
| <b>Performance Share Plan (Approved)</b> |  |  | <b>Weighted average exercise price</b> | <b>Number of options</b> |
| Outstanding at the beginning of the year |  |  | 21.25                                  | 4,508                    |
| Granted during the year                  |  |  | -                                      | -                        |
| Outstanding at the end of the year       |  |  | 21.25                                  | 4,508                    |
| Exercisable at the end of the year       |  |  | -                                      | -                        |

**Share based payments expense**

The weighted average share price at the date of exercise of share options exercised during the year was £23.68 (2013: £21.25).

The options outstanding at the yearend have an exercise price of £0.05 for the Performance Share Plan (Unapproved) and an exercise price of £21.25 for the Performance Share Plan (Approved).

Share options are valued using the stochastic option pricing model (also known as the

**NDC Technologies Limited**  
Notes (continued)

**14 Share based payments (continued)**

Monte Carlo model), with support from an Independent remuneration consultant. The TSR performance condition was Included in the calculation of fair value under the Performance Share Plan. For options granted in 2013 and 2014 the fair value of option granted and the assumptions used in the calculation are as follows;

|   | Performance Share Plan (Unapproved) |       | Performance Share Plan (Approved) |       |
|---|-------------------------------------|-------|-----------------------------------|-------|
|   | 2014                                | 2013  | 2014                              | 2013  |
| Weighted average share price (£)          | <b>23.16</b>                        | 23.65 | <b>22.70</b>                      | 23.54 |
| Weighted average exercise price (£)       | <b>0.05</b>                         | 0.05  | <b>23.03</b>                      | 23.78 |
| Expected volatility                       | <b>n/a</b>                          | n/a   | <b>32.7%</b>                      | 33.0% |
| Expected life                             | <b>3 yrs</b>                        | 3 yrs | <b>3 yrs</b>                      | 3 yrs |
| Expected dividends (expressed as a yield) | <b>0%</b>                           | 0%    | <b>1.9%</b>                       | 1.6%  |
| Risk-free interest rate                   | <b>1.08%</b>                        | 0.4%  | <b>1.07%</b>                      | 0.4%  |

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.

**15 Provisions for liabilities**

|                            | <b>Warranty provisions<br/>£'000</b> |
|----------------------------|--------------------------------------|
| At 1 January 2014          | 43                                   |
| Utilised during the year   | (24)                                 |
| <b>At 31 December 2014</b> | <b>19</b>                            |

The provision relates to warranty costs that are expected to arise primarily over the next year. Typically the warranty period granted on equipment sold is in the range 1-2 years.

**NDC Technologies Limited**  
Notes (continued)

**16 Deferred tax asset**

|  | <b>2014<br/>£'000</b> | <b>2013<br/>£'000</b> |
|--|-----------------------|-----------------------|
| At 1 January   | <b>58</b>             | <b>84</b>             |
| (Charge) / Credit to the profit and loss for the year (Note 7) | <b>2</b>              | <b>(26)</b>           |
| <b>At 31 December</b>  | <b>60</b>             | <b>58</b>             |

The elements of deferred taxation are as follows:

|  | <b>2014<br/>£'000</b> | <b>2013<br/>£'000</b> |
|--|-----------------------|-----------------------|
| Capital allowances in excess of depreciation | <b>61</b>             | <b>54</b>             |
| Short term timing differences                | <b>(1)</b>            | <b>4</b>              |
| <b>Deferred tax asset (See note 12)</b>      | <b>60</b>             | <b>58</b>             |

The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

**17 Contribution to pension scheme**

The Company participates in the Spectris Plc defined contribution scheme.

The assets of the scheme are held separately from those of the Company in independently administered funds. The pension cost charge for the year represents the contribution payable by the Company to the scheme and amounted to £97,000 (2013: £116,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

**18 Called up share capital**

|   | <b>2014<br/>£'000</b> | <b>2013<br/>£'000</b> |
|---|-----------------------|-----------------------|
| <b>Allotted, called up and fully paid</b><br>102,000 ordinary shares of £1 each | <b>102</b>            | <b>102</b>            |

**NDC Technologies Limited**  
Notes (continued)

**19 Reserves**

|                                | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|--------------------------------|-----------------------------|-----------------------------|
| <b>Profit and Loss Account</b> |                             |                             |
| At 1 January                   | <b>23,230</b>               | 18,293                      |
| Profit for the financial year  | <b>4,249</b>                | 4,937                       |
| <b>At 31 December</b>          | <b>27,479</b>               | <b>23,230</b>               |

**20 Reconciliation of movements in shareholders' funds**

|                                     | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|-------------------------------------|-----------------------------|-----------------------------|
| Profit for the financial year       | <b>4,249</b>                | 4,937                       |
| Net addition to shareholders' funds | <b>4,249</b>                | 4,937                       |
| Opening shareholders' funds         | <b>23,332</b>               | 18,395                      |
| Closing shareholders' funds         | <b>27,581</b>               | <b>23,332</b>               |

**21 Contingent Liabilities**

With other members of the Group, the Company has guaranteed facilities made available to Spectris Plc, in respect of which the following amounts were outstanding at 31 December 2014:

|                        | <b>2014</b><br><b>£'000</b> | <b>2013</b><br><b>£'000</b> |
|------------------------|-----------------------------|-----------------------------|
| Royal Bank of Scotland | <b>2,313</b>                | <b>2,520</b>                |

## **NDC Technologies Limited**

### **Notes (continued)**

## **22 Ultimate parent Company**

The ultimate parent Company is Spectris Plc, incorporated in the UK and heads the largest group in which the results of the Company are consolidated. No other group financial statements include the results of NDC Technologies Limited.

Copies of the annual report and accounts of the ultimate parent Company are available to the public and may be obtained from Spectris Plc, Heritage House, Church Road, Egham, Surrey TW20 9QD.

The directors consider Spectris Group Holdings Limited to be the immediate parent Company by virtue of its 100% ownership of the equity capital of NDC Technologies Limited.

## **23 Related party disclosures**

As a 100% owned subsidiary whose results are included in the consolidated financial statements of Spectris Plc, the Company is exempt from the requirement to disclose details of transactions with other group companies (or investees of the group qualifying as related parties) under FRS 8.

There were no other related party transactions to report upon in the year to 31 December 2014 (2013: None).