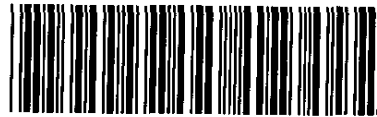


**NDC Technologies Limited**  
**Annual report and unaudited financial statements**

Year ended 31 December 2019

Registered number: 00630998

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## Strategic report

The Directors present the Strategic Report for the year ended 31 December 2019.

### Principal activities

The principal activities of NDC Technologies Limited (the "Company") are the product design, distribution, customer service and worldwide sale of a range of on-line industrial instrumentation used in the food, plastics, tobacco, web, print and packaging, pulp and paper, converting, metals and cable and tubing industries.

### Review of the Company's business

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

Key performance measures:

- Revenue at £30,657k (2018: £28,727k) is 7% higher than the prior year. This increase is due to stronger demand for existing products and improved selling processes. Despite the increase in revenue, operating profit decreased by 41% to £3,106k (2018: £5,226k) principally due to change in mix, increased discounting, and higher expenses due to restructuring costs, increased commissions.
- Orders obtained during 2019 were £29,368k (2018: £29,768k) being 1% lower than 2018. The closing order book of £3,429k at 31 December 2019 was lower (2018: £4,699k) due to reduced manufacturing lead times and product mix.
- Net current assets showed a £33,371k decrease during 2019 (2018: £3,939k increase). Trade receivables of £5,302k (2018: £5,307k) were flat from the prior year. Average debtor days of 71 days are lower in 2019 compared to 74 days in 2018. Net amounts owed by group undertakings decreased by £33,525k from £37,476k in 2018 to £3,951k in 2019 mainly due to a dividend payment of £35,000k to Spectris plc.
- Other key performance measures showed the company achieved an operating profit to revenue ratio of 10% compared to 18% in 2018.

There have not been any changes in the Company's activities in the year under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year. For a more detailed review of the activities, development and performance of the business during 2019 and the position of the Group at the end of the year, please refer to the Spectris plc Annual report and Accounts 2019 in the Strategic report section.

### Principal risks and uncertainties facing the Company

#### Operational risks

##### *Political and economic environment*

The Company has a broad spread of markets, products and customers, which limit the impact of any material adverse changes in the political and economic environments. During 2019, economic conditions were essentially the same as in 2018 as evidenced by the economic growth rates in the industrialised countries.

## Strategic report continued

There is uncertainty as to the outcome of Brexit and the prospect of 'no-deal'. During 2018, assuming the 'no-deal' scenario, the Company has identified potential risks with associated mitigations continuously being monitored to ensure the effective management of risk during this dynamic period. Mitigations include amending provisions within our commercial contracts and seeking approvals from alternative regulatory authorities to continue to operate in the EU/UK.

### *New product 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; the market for the product being smaller than originally envisaged; or the product failing 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.

### *Competitive activity*

The diversity of our products and markets, and the high barriers to entry, limit the overall risk from any single competitor. Our current strategy is to expand into new applications like food and depend less on the tobacco market. The potential risk from loss of a key customer is limited as no individual customer accounted for more than 5% of revenue in 2019.

### *Financial risks*

#### *Fluctuations in exchange rates*

Foreign exchange transaction risk is managed principally by hedging contracts through the ultimate parent company's treasury function. In order to minimise interest cost and maximise interest income, the Company passes surplus funds to its ultimate parent company 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. 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.

#### *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. 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 periodically tested to ensure the continuous availability and operation of these systems and software.

## Strategic report continued

### *Derivative financial instruments and financial risks*

The Company has entered into cash flow hedge derivative financial instruments during the year. Full details of the Spectris policies and procedures surrounding financial risks, financial instruments and details of such transactions can be found in the Spectris plc Annual Report and Account 2019.

### *Other risks*

Contagious diseases can have an adverse effect on the Company's business, financial condition and results of operations. There is currently a COVID-19 coronavirus pandemic across the world. Governments are taking a number of steps to mitigate the impact of this pandemic, including implementing quarantines. Many people have contracted the disease across the world and many deaths have occurred. It is not clear for how long this pandemic will last or how much more extensive it will become, or the further measures that will be taken by governments and others to seek to control this pandemic and its impact.

Since the outbreak of the COVID-19 coronavirus pandemic, the Company has taken a number of responsive measures including reducing site operational levels and introducing new cleaning regimes, safe working distance measures and protective equipment for its employees. A significant proportion of the Company's employees are working from home. While the Company is liaising closely with its customers and suppliers to understand any changes in requirements and priorities during this time, the uncertainties surrounding the development of this pandemic make it difficult to predict the extent to which the Company may be affected.

### **Future developments**

The future potential impact of the COVID-19 pandemic on the Company is not yet known but may be significant. While the Company cannot currently quantify what the effects might be, it continues to monitor the pandemic and its impact, to ensure appropriate actions can be taken to mitigate risks to the Company.

**By order of the Board**

**Registered Office:**

Bates Road

Maldon

Essex

CM9 5FA

13 July 2020



M. Nyman  
Director

## Directors' report

The Directors present their report and unaudited financial statements for the Company for the year ended 31 December 2019.

### Dividends

During the year a dividend of £35,000,000 was paid (2018: £nil). The Directors do not recommend any further payment of a dividend.

### Directors

The Directors who held office during the year were:

I Benson (resigned 28 March 2019)

D Atkinson (resigned 11 June 2019)

D Wambold

D Roland (resigned 12 November 2019)

M Nyman (appointed 26 November 2019)

### Future developments

Future developments are included in the Strategic Report.

By order of the Board

Registered Office:



M. Nyman

Bates Road  
Maldon  
Essex  
CM9 5FA

Director

13 July 2020

## Statement of Directors' Responsibilities

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), including FRS 101 *Reduced Disclosure Framework*.

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 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 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.

## Income Statement

For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	2	30,657	28,727
Cost of sales		(17,632)	(15,291)
<b>Gross profit</b>		<b>13,025</b>	<b>13,436</b>
Administrative expenses		(9,919)	(8,210)
<b>Operating profit</b>	3	<b>3,106</b>	<b>5,226</b>
Unwinding of discount factor on lease liabilities		(33)	-
Interest receivable and similar income	5	206	148
<b>Profit before taxation</b>		<b>3,279</b>	<b>5,374</b>
Tax on profit	6	(307)	(866)
<b>Profit for the financial year</b>		<b>2,972</b>	<b>4,508</b>

The results in the income statement relate entirely to continuing operations.

There are no other gains and losses in either year other than those recognised in the income statement.

The notes on pages 10 to 27 form part of these Financial Statements.

## Statement of Changes in Equity

For the year ended 31 December 2019

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
<b>Balance at 1 January 2019</b>	<b>102</b>	<b>42,993</b>	<b>43,095</b>
Adoption of IFRS 16, net of tax		(40)	(40)
<b>Balance at 1 January 2019 (restated)</b>	<b>102</b>	<b>42,953</b>	<b>43,055</b>
Profit for the year		2,972	2,972
<b>Total comprehensive income for the year</b>	<b>102</b>	<b>45,925</b>	<b>46,027</b>
Transactions with owners recorded directly in equity:			
Equity dividends paid by the Company		(35,000)	(35,000)
Share-based payments, net of tax		18	18
<b>At 31 December 2019</b>	<b>102</b>	<b>10,943</b>	<b>11,045</b>
<b>Balance at 1 January 2018</b>	<b>102</b>	<b>38,584</b>	<b>38,686</b>
Adoption of IFRS 9 and IFRS 15	-	(99)	(99)
<b>Balance at 1 January 2018 (restated)</b>	<b>102</b>	<b>38,485</b>	<b>38,587</b>
Profit for the year	-	4,508	4,508
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>4,508</b>	<b>4,508</b>
<b>Balance at 31 December 2018</b>	<b>102</b>	<b>42,993</b>	<b>43,095</b>

The notes on pages 10 to 27 form part of these Financial Statements.

## Statement of Financial Position

As at 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Intangible assets	7	1,636	559
Investments	8	17	-
Property, plant and equipment	9	981	192
		<b>2,634</b>	<b>751</b>
<b>Current assets</b>			
Inventories	10	1,472	920
Receivables (including amounts due after one year)	11	13,729	46,138
Derivative financial assets	12	25	-
Cash at bank and in hand and short-term deposits		788	1,357
		<b>16,014</b>	<b>48,415</b>
<b>Payables: amounts falling due within one year</b>			
Payables	13	6,876	6,015
Lease Liabilities		114	-
Derivative financial liabilities	12	-	7
		<b>6,990</b>	<b>6,022</b>
<b>Net current assets</b>		<b>9,024</b>	<b>42,393</b>
<b>Total assets less current liabilities</b>		<b>11,658</b>	<b>43,144</b>
<b>Provisions for Liabilities</b>			
Provisions	14	49	49
Lease Liabilities		564	-
		<b>613</b>	<b>49</b>
<b>Net assets</b>		<b>11,045</b>	<b>43,095</b>
<b>Capital and reserves</b>			
Called up share capital	15	102	102
Retained earnings		10,943	42,993
<b>Shareholders' funds</b>		<b>11,045</b>	<b>43,095</b>

The notes on pages 10 to 27 form part of these financial statements.

For the financial year ending 31 December 2019 the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of the accounts.

  
M. Nyman

Director

Company Registration No. 00630998

## Notes to the Accounts

### 1. Basis of preparation and summary of significant accounting policies

NDC Technologies Limited (the "Company") is a company incorporated and domiciled in the UK.

#### a) Basis of preparation

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible fixed assets;
- *Disclosures in respect of capital management*;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

The Financial Statements have been prepared on the historical cost basis, except for revaluation of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies are set out below.

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

#### Going concern

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

After making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. While there remains significant uncertainty as to the future impact of the COVID-19 pandemic, the Company and its ultimate parent entity Spectris plc continue to conduct ongoing risk assessments of the potential impact of the pandemic on its business operations and liquidity. Having undertaken assessments, the Directors consider that the Company will be able to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

#### New standards and interpretations adopted

The Company has applied new standards issued by the International Accounting Standards Board. Details of the new standards that have had a material impact on the financial position are set out below.

## Notes to the Accounts continued

### IFRS 16 Leases

In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019. The date of initial application of IFRS 16 for the Company is 1 January 2019.

IFRS 16 provides a single model for lessees which recognises a right-of-use asset and a lease liability for all leases, with exceptions available for short-term and low-value leases. The impact of IFRS 16 is to recognise a lease liability and a corresponding asset in the Statement of Financial Position for leases previously classified as operating leases. The most significant impact has been that the Company's land, building and car leases are now recognised on the Statement of Financial Position. Previously rentals payable under operating leases were not recognised on the Statement of Financial Position and were charged to the Income Statement on a straight-line basis over the term of the relevant lease.

#### Approach to transition

The Company has applied IFRS 16 using the modified retrospective approach, without restatement of the comparative information. In respect of those leases the Company previously treated as operating leases, the Company has elected to measure its right of use assets using the approach set out in IFRS 16.C8(b)(i). Under IFRS 16.C8(b)(i) right of use assets are calculated as if the Standard applied at lease commencement, but discounted using the borrowing rate at the date of initial application.

The Company has applied the practical expedients available in IFRS 16 for excluding low-value assets and short-term leases from the requirements of the standard and right-of-use assets have been adjusted by the carrying amount of onerous lease provisions at 31 December 2019 instead of performing impairment reviews under IAS 36.

The impacts of the adoption of IFRS 16 at 1 January 2019 were: a decrease in retained earnings of £40k, an increase in property, plant and equipment of £726k, an increase in lease liabilities of £774k and an increase in deferred tax assets of £8k. In 2019, the Company incurred a finance charge of £33k, reflecting the unwinding of discount on lease liabilities, with depreciation of £133k on right-of-use assets. These items effectively replace the operating lease rentals previously charged to profit before taxation under IAS 17 'Leases'. For the year ended 31 December 2018, operating lease rentals charged to profit before tax amounted to £217k. The lease liabilities recognised at 1 January 2019 are £137k lower than the total operating lease commitments of £911k disclosed in the Annual Report and Accounts for 2018, which were prepared under IAS 17. The reasons for the differences are set out in the table below. The right-of-use assets are shown within property, plant and equipment and the lease liabilities are presented in a separate category in the Statement of Financial Position.

The Company's weighted average incremental borrowing rate applied to lease liabilities as at 1 January 2019 is 4%.

The key judgements in applying IFRS 16 for the Company are: the selection of discount rates and determining whether lease extension and termination options included in the contract are reasonably certain to be exercised.

## Notes to the Accounts continued

The table below presents a reconciliation from operating lease commitments disclosed at 31 December 2018 to lease liabilities recognised at 1 January 2019.

	£000
Operating lease commitments disclosed under IAS 17 at 31 December 2018	911
Effect of discounting	(137)
Lease liabilities recognised at 1 January 2019	<u>774</u>

### New Accounting Policy under IFRS 16

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangement in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise: fixed lease payments (including in substance fixed payments), less any lease incentives; variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; the amount expected to be payable by the lessee under residual value guarantees; the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever: the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; the lease payments change due to changes in an index or rate or a change in expected payment

## Notes to the Accounts continued

under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or a lease contract is modified, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the Company's financial statements.

### Significant accounting judgements and estimates

In determining and applying accounting policies, judgement is often required where the choice of specific policy, assumption or accounting estimate to be followed could materially affect the reported amounts of assets, liabilities, income and expenses, should it later be determined that a different choice be more appropriate. Estimates and assumptions are reviewed on an on-going basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. In the course of preparing these Financials Statements in accordance with the Company's accounting policies, except as set out below, no other judgement or estimates that have a significant effect on the amounts recognised in the Financial Statements have been made.

Information about the significant areas of judgements, estimates and assumptions are as follows:

#### **Deferred tax**

The recognition of deferred tax assets is dependent on assessments of future taxable income.

### **b) Summary of significant accounting policies**

#### **Derivative financial instruments**

Derivative financial instruments are initially recognised and subsequently re-measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

#### **Intangible assets**

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised. Estimated useful lives are as follows:

- Computer software – 3 to 5 years.
- Development – 5 to 7 years.

## Notes to the Accounts continued

### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost comprises the purchase price paid and any costs directly attributable to bringing it into working condition for its intended use.

Depreciation is recognised in the income statement on a straight-line basis to write off the cost, less the estimated residual value (which is reviewed annually), over its estimated useful economic life. Depreciation commences on the date the assets are ready for use within the business and the asset carrying values are reviewed for impairment when there is an indication that they may be impaired. The depreciation charge is revised where useful lives are different from those previously estimated, or where technically obsolete assets are required to be written down. Where parts of an asset have separate lives, they are accounted for and depreciated as separate items. Land is not depreciated. Estimated useful lives are as follows:

- Leasehold Improvements – up to 15 years.
- Plant and equipment – 3 to 15 years.
- Computer equipment – 3 to 5 years.

### **Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost represents direct costs incurred and, where appropriate, other costs to bring the inventories to its existing location and condition. Inventories is accounted for on a standard cost basis. Provisions are made to write down slow-moving, excess and obsolete items to net realisable value, based on an assessment of technological and market developments and on an analysis of historic and projected usage with regard to quantities on hand.

### **Trade and other receivables**

Trade and other receivables are carried at original invoice amount, which is considered a reasonable proxy for fair value, less provision made for impairment of these receivables. The provision for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

### **Cash at bank and in hand and short-term deposits**

Comprises cash at bank and in hand and short-term deposits held on call or with maturities of less than three months at inception.

### **Trade and other payables**

Trade and other payables are carried at the amounts expected to be paid to counterparties.

## Notes to the Accounts continued

### Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources, that can be reliably measured, will be required to settle the obligation. In respect of warranties, a provision is recognised when the underlying products or services are sold. Provisions are recognised at an amount equal to the best estimate of the expenditure required to settle the Company's liability. A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefit is probable. Obligations arising from restructuring plans are recognised when detailed formal plans have been established and when there is a valid expectation that such a plan will be carried out.

### Taxation

Tax on the profit or loss for the year comprises both current and deferred tax. Tax is recognised in the Income statement except to the extent that it relates to items recognised either in other comprehensive income or directly in equity, in which case tax is recognised in the Statement of Comprehensive Income or the Statement of Changes in Equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustments to tax payable in respect of prior years.

Deferred tax is provided on taxable temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and their corresponding tax bases. Deferred tax is measured using the tax rates expected to apply when the asset is realized or the liability settled based on tax rates enacted or substantively enacted by the Statement of financial position date. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## Notes to the Accounts continued

### Foreign currency translation

The functional currency for the Company is determined with reference to the currency of the primary economic environment in which it operates. Transactions in currencies other than the functional currency are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. Exchange gains and losses on settlement of foreign currency transactions are translated at the rate prevailing at the date of the transactions, or the translation of monetary assets and liabilities at period end exchange rates, and are charged/credited to the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction.

### Employee benefits

The Company operates a defined contribution pension scheme.

### Defined contribution scheme

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised in the income statement in the periods during which services are rendered by employees.

### Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### Revenue

Revenue is measured at the fair value of the right to consideration and represents amounts receivable for goods and services provided in the normal course of business to external customers net of returns and discounts, excluding value added tax and other sales-related taxes.

Revenue from the sale of goods is recognised in the income statement when the significant risk and rewards of ownership of the goods have been transferred to the customer, which is typically on shipment. Revenue from services rendered is recognised in the income statement in proportion to the measurement of the stage of completion of services rendered as at the statement of financial position date. This is assessed by reference to the amount of time incurred in proportion to the total expected time to be taken to deliver the service.

Occasionally, the initial contract covers both the supply of goods and on-going support, servicing and maintenance. For such contracts revenue is allocated across each of the individual components in line with their relative value and each element is accounted for as described above.

## **Notes to the Accounts continued**

### **Interest receivable and similar income**

Interest receivable and similar income comprises interest income on cash and funds invested and is recognised in the income statement as it accrues.

## Notes to the Accounts continued

### 2. Revenue

An analysis of the Company's revenue is as follows:

	2019 £'000	2018 £'000
Sale of goods	28,589	26,844
Services rendered	2,067	1,883
Revenue from continuing operations	30,657	28,727

An analysis of the Company's revenue by geographical area:

	2019 £'000	2018 £'000
United Kingdom	2,249	2,262
Europe	16,958	15,291
United States	3,200	2,432
Rest of the world	8,250	8,742
	30,657	28,727

### 3. Operating profit

Operating profit has been arrived at after charging:

	2019 £'000	2018 £'000
Net foreign exchange losses	361	60
Research and development expenditure	84	29
Depreciation of Property, plant and equipment: owned assets	56	75
Depreciation of right-of-use assets	133	-
Amortisation of intangible assets	17	17
Expenses relating to short term and low-value leases	18	-
Operating lease payments	-	217

During the year development costs of £1,091k were capitalised.

## Notes to the Accounts continued

### 4. Employee numbers and costs

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

	2019	2018
Production and engineering	15	13
Sales, marketing and customer service	38	38
	<b>53</b>	<b>51</b>

The aggregate payroll costs of these persons, including Directors' remuneration, were as follows:

	2019	2018
	£'000	£'000
Wages and salaries	2,453	2,605
Social security costs	287	487
Contributions to defined contribution plans	179	152
	<b>2,919</b>	<b>3,244</b>

	2019	2018
	£'000	£'000
<b>Directors' remuneration</b>		
Short-term benefits	442	339
Contributions to defined contribution plans	6	9
	<b>348</b>	<b>348</b>

	2019	2018
	Number	Number
Defined contribution schemes	1	1

I Benson was employed by the Company and received remuneration for his service to NDC Technologies Limited in the year. The other Directors are employed by, and receive remuneration from, NDC Technologies Inc.

Included in short term benefits for the year 2019, £224k were paid by fellow Group companies.

## Notes to the Accounts continued

### 5. Interest receivable and similar income

	2019	2018
	£'000	£'000
Interest receivable from group undertakings	<b>206</b>	148

### 6. Taxation

	2019	2018
	£'000	£'000
<b>a) Tax charged in the income statement</b>		
Current tax:		
UK corporation tax	<b>391</b>	748
Foreign tax	<b>17</b>	81
Current tax charge	<b>408</b>	829
Adjustments in respect of prior years	<b>(118)</b>	29
Total current tax charge	<b>290</b>	858
Deferred tax:		
Origination and reversal of temporary differences	<b>15</b>	8
Adjustments in respect of prior years	<b>2</b>	-
Total deferred tax charge/(credit)	<b>17</b>	8
Total tax charge	<b>307</b>	866

	2019	2018
	£'000	£'000
<b>b) Tax relating to items (credited)/charged directly to the Statement of Changes in Equity</b>		
Deferred tax:		
Adoption of IFRS 16	<b>(8)</b>	-
Total deferred tax (credit)/charge	<b>(8)</b>	-
Total tax (credit)/charge	<b>(8)</b>	-

## Notes to the Accounts continued

### c) Reconciliation of the total tax charge

The tax charge in the income statement for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019 £'000	2018 £'000
Profit before taxation	3,279	5,374
Corporation tax at standard rate of 19% (2018: 19%)	623	1,021
Non-taxable income and gains	(31)	(22)
Non-deductible expenditure	11	5
UK patent box incentives	(200)	(200)
Foreign tax differences	17	33
Other current year items	3	-
Adjustments to prior year current and deferred tax charges	(116)	29
Total tax charge reported in the income statement	307	866

### d) Change in corporation tax rate

A reduction in the corporation tax rate from 19% to 17% (effective from 1 April 2020) was enacted prior to the statement of financial position date and therefore deferred tax balances at 31 December 2019 have been calculated using 17%. However, in March 2020, legislation was substantively enacted to reverse this tax rate cut and maintain the corporation tax rate at 19%. The impact of this 2% rate increase on the deferred tax balance at 31st December 2019 would be to increase the deferred tax asset by £6k.

### e) Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019	2018
<b>Deferred tax asset</b>		
Temporary differences relating to intangible assets	2	2
Temporary differences relating to property, plant and equipment	41	54
Other temporary differences	7	3
	50	59
<b>Disclosed on the statement of financial position</b>		
Deferred tax asset (note 10)	50	59

## Notes to the Accounts continued

	2019	2018
	£'000	£'000
<b>Deferred tax in the income statement</b>		
Temporary differences relating to intangible assets	-	2
Temporary differences relating to property, plant and equipment	11	2
Other temporary differences	4	4
Adjustments in respect of prior years	2	-
<b>Deferred tax charge/(credit) to the income statement</b>	<b>17</b>	<b>8</b>

### 7. Intangible assets

	internal development	Software	Goodwill	Total
Cost	£'000	£'000	£'000	£'000
At 1 January 2019	491	122	37	650
Additions	1,091	3	-	1,094
<b>At 31 December 2019</b>	<b>1,582</b>	<b>125</b>	<b>37</b>	<b>1,744</b>

#### Accumulated amortisation and impairment

At 1 January 2019	-	91	-	91
Charge for the year	-	17	-	17
<b>At 31 December 2019</b>	<b>-</b>	<b>108</b>	<b>-</b>	<b>108</b>

#### Carrying amount

<b>At 31 December 2019</b>	<b>1,582</b>	<b>17</b>	<b>37</b>	<b>1,636</b>
At 31 December 2018	491	31	37	559

### 8. Investments

	2019	2018
	£'000	£'000
Investment in Subsidiary - NDC Sarl, Inc	8	-
Investment in Subsidiary - NDC SRL, Inc	9	-
	<b>17</b>	<b>-</b>

On January 1, 2019, the Company divested its operations in France and Italy creating independent companies by issuing shares in newly created corporate entities. These subsidiaries are wholly owned by the company.

## Notes to the Accounts continued

### 9. Property, plant and equipment

#### Property, plant and equipment: owned

	Leasehold Improvement	Plant and Equipment	Computer equipment	Total
Cost	£'000	£'000	£'000	£'000
At 1 January 2019	513	684	355	1,552
Additions	-	192	38	230
Disposals	-	(4)	(175)	(179)
<b>At 31 December 2019</b>	<b>513</b>	<b>872</b>	<b>218</b>	<b>1,603</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2019	505	552	303	1,360
Charge for the year	2	27	27	56
Disposals	-	(4)	(160)	(164)
<b>At 31 December 2019</b>	<b>507</b>	<b>575</b>	<b>170</b>	<b>1,252</b>
<b>Carrying amount</b>				
<b>At 31 December 2019</b>	<b>6</b>	<b>297</b>	<b>48</b>	<b>351</b>
At 31 December 2018	8	131	53	192

#### Property, plant and equipment: right-of-use

	Property	Plant and equipment	Total
	£000	£000	£000
At 1 January 2019 on adoption of IFRS 16	673	53	726
Additions	-	37	37
Depreciation	(98)	(35)	(133)
<b>At 31 December 2019</b>	<b>575</b>	<b>55</b>	<b>630</b>

Carrying Amount	2019 £000
Property, plant and equipment: owned	351
Property, plant and equipment: right-of-use	630
	<b>981</b>

## Notes to the accounts continued

### 10. Inventories

	2019	2018
	£'000	£'000
Raw materials	778	465
Work in progress	144	20
Finished goods	369	366
Demonstration Equipment	181	69
	<b>1,472</b>	<b>920</b>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £15,640k (2018: £13,378k).

### 11. Receivables

	2019	2018
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade receivables	5,302	5,307
Amounts owed by group undertakings	7,792	39,935
Prepayments and accrued income	130	57
Deferred tax asset (note 6)	50	59
Other receivables	455	780
<b>Total within one year</b>	<b>13,729</b>	<b>46,138</b>

### 12. Derivative financial instruments

The Company uses forward foreign exchange contracts to manage some of the risks arising from fluctuations in currency exchange rates. Derivative fair values are derived directly from observable quoted prices in active markets where possible, or otherwise are based on valuation techniques using relevant market prices and market yield curves at the statement of financial position date.

	2019	2019	2018	2018
	Assets	Liabilities	Assets	Liabilities
	£'000	£'000	£'000	£'000
Forward foreign exchange contracts	25	-	-	7

Fair value movements on financial instruments through the income statement are set out below:

	2019	2018
	£'000	£'000
Forward foreign exchange contracts	32	4

## Notes to the Accounts continued

### 13. Payables

	2019	2018
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade payables	913	1,100
Amounts owed to group undertakings	3,842	2,459
Taxation and social security	69	66
Accruals and deferred income	1,531	1,195
Current tax liability	391	767
Other payables	130	428
<b>Total Payables</b>	<b>6,876</b>	<b>6,015</b>

### 14. Provisions

	2019 Product warranty £'000
At 1 January 2019	49
At 31 December 2019	49

#### Product warranty

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

### 15. Share capital

	2019 Number of shares	2019 £'000
<b>Allotted, called up and fully paid (ordinary share £1 Each)</b>		
At 1 January 2019 and at 31 December 2019	102,000	102

### 16. Contingent Liabilities

As 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:

## Notes to the Accounts continued

	2019	2018
	£'000	£'000
Royal Bank of Scotland	<b>1,607</b>	<b>2,517</b>

Where the Company enters into financial guarantee contract to guarantee the indebtedness of other companies within its group the Company considers these to be insurance arrangements in accordance with the requirements of IFRS 4 and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

NDC Technologies Limited and other UK subsidiaries of the Spectris Group are party to a cross-guarantee arrangement to support trade finance facilities entered into in the normal course of business. They are also party to a cross-guarantee arrangement that allows individual subsidiaries to borrow from the bank on overdraft within the overall borrowing limit of the Spectris Group.

### 17. Lease Liabilities

<b>2019 Undiscounted lease liability maturity analysis under IFRS 16</b>			
	Property	Plant and equipment	Total
	£000	£000	£000
Within one year	<b>118</b>	<b>25</b>	<b>143</b>
More than one year but less than five years	<b>473</b>	<b>35</b>	<b>508</b>
Greater than five years	<b>108</b>	<b>-</b>	<b>108</b>
Total undiscounted lease payments at 31 December	<b>699</b>	<b>60</b>	<b>759</b>

<b>2018 - operating leases under IAS 17</b>			
	Property	2018 Other	Total
	£000	£000	£000
<b>Total commitments under non-cancellable operating leases expiring:</b>			
Within one year	<b>118</b>	<b>55</b>	<b>174</b>
More than one year but less than five years	<b>473</b>	<b>36</b>	<b>509</b>
Greater than five years	<b>227</b>	<b>2</b>	<b>229</b>
	<b>818</b>	<b>93</b>	<b>911</b>

### 18. Ultimate holding company

The Company's ultimate holding company is Spectris plc, which is incorporated in the United Kingdom. The consolidated accounts of this company are available to the public and may be obtained from Spectris plc, Heritage House, Church Road, Egham, Surrey TW20 9QD.

## **Notes to the Accounts continued**

### **19. Events after the reporting date**

The outbreak of the COVID-19 coronavirus was confirmed to be a global pandemic by the World Health Organisation on 11 March 2020 and only after that date did major governments, such as the UK, start taking significant mitigating steps. As such the Company considers this to be a non-adjusting post balance sheet event. The full impact of the COVID-19 pandemic on medium- and long-term economic activity is not yet known, although is likely to be significant. The Company continues to monitor the impact on its business, however while the uncertainty continues, the Company is not able to quantify the possible financial effect of the pandemic.