

Beta Lasermike Limited

**Directors' report and financial
statements**

Registered number 895810

For the year ended 31 December 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Review of the business

The principal activity of the company during the year was the manufacture and sale of machinery, testing systems and instrumentation for use in the cable industry.

Results and dividends

The profit after taxation for the year ended 31 December 2000 was £480,000 (1999: profit £539,000). The full results are shown in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (1999: £Nil).

Directors

The directors who served during the year were as follows:

JC Webster
JMM Watts
S Hole
P Fleming
MC Keatley
PI Lewis (resigned on 21 July 2000)

Directors' interests

The directors had no beneficial interests in the share capital of the company or any other subsidiary company of Fairey Group plc at the year end. On 8 May 2001, Fairey Group plc changed its name to Spectris plc.

The interests of Mr JC Webster in the shares of Fairey Group plc are disclosed in the financial statements of that company. None of the other directors had any interest in the issued share capital of Fairey Group plc.

At 31 December 2000 the other directors held the following options in the shares of Fairey Group plc:

Director	At 1.1.00	Options Granted	Rights Issue Adjustment	At 31.12.00	Exercise Price	Date from which exercisable	Expiry Date
JMM Watts	4,500		116	4,616	551p	Mar-01	Mar-08
	10,000		259	10,259	239p	Sep-01	Sep-08
	10,000		259	10,259	5p	Mar-02	Sep-05
		15,000	-	15,000	525p	Oct-03	Oct-10
S Hole	4,500		116	4,616	551p	Mar-01	Mar-08
	3,000		77	3,077	239p	Sep-01	Sep-08
		3,000	-	3,000	525p	Oct-03	Oct-10
SAYE	7,040		182	7,222	239p	Dec-03	Jun-04
P Fleming	4,500		116	4,616	551p	Mar-01	Mar-08
	3,000		77	3,077	239p	Sep-01	Sep-08
		5,000	-	5,000	525p	Oct-03	Oct-10
	SAYE 7,040		182	7,222	239p	Dec-03	Jun-04
M Keatley	3,000		77	3,077	239p	Sep-01	Sep-08
		3,000	-	3,000	525p	Oct-03	Oct-10
	SAYE 281		7	288	239p	Dec-03	Jun-04
	SAYE 498		12	510	396p	Dec-04	Jun-05
		221	-	221	525p	Dec-04	Jan-05

Directors' report (*continued*)

Directors' interests (*continued*)

The market price of Fairey Group plc shares at 31 December 2000 was 567.5p (1999: 505p). The highest share price in the year was 592p and the lowest was 355.67p.

Except where shown as SAYE, the above relates to the Group's Executive Share Option Schemes. Entitlement to exercise options granted under the Fairey Group 1996 Executive Share Plan is conditional upon the achievement of growth in normalised earnings per share (EPS) over three consecutive financial years between grant and exercise of at least 2% per annum in excess of growth in the retail price index. Entitlement to exercise Matching Options (5p) is conditional upon a performance criterion which requires compound growth in EPS over the three consecutive financial years following grant of the qualifying option of between 2% and 10% per annum in excess of growth in the retail price index in order to achieve a match of 20% to 100%.

In addition, at 31 December 2000, the directors were deemed to have a non-beneficial interest in 1,890,979 ordinary shares in the share capital of Fairey Group plc, the company's holding company, held by the Trustee of the Fairey Group plc Employee Benefit Trust and 36,242 ordinary shares held by the Trustee of the Fairey Group plc Qualifying Employee Share Ownership Trust of which they are among the class of discretionary beneficiaries. No other interests in the share capital of Fairey Group plc or any of its subsidiary undertakings were held by any of the directors.

Research and development

The directors consider that product development and innovation play an important role in the success of the company and, accordingly, they continue to further the company's research and development programme.

Payments to suppliers

It is the company's general policy to abide by the terms of payment agreed with its suppliers. The company had 71 days' purchases outstanding at 31 December 2000 (1999: 57 days).

Approved by order of the board of directors on 9 August 2001 and signed on its behalf by:



MC Keatley
Director

Sterling Road
Cressex Business Park
High Wycombe
Buckinghamshire
HP12 3RT

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

2 Cornwall Street
Birmingham
B3 2DL

Auditors report to the members of Beta Lasermike Limited

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

9 August 2001

Profit and loss account

for the year ended 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover	2	11,895	9,063
Cost of sales		(6,783)	(5,489)
		<hr/>	<hr/>
Gross profit		5,112	3,574
Distribution costs		(3,266)	(2,049)
Administrative expenses		(1,175)	(1,280)
		<hr/>	<hr/>
Operating profit		671	245
Interest receivable	3	6	10
Interest payable	4	(111)	(56)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	566	199
Taxation on profit on ordinary activities	8	(86)	340
		<hr/>	<hr/>
Profit for the financial period	16	480	539
		<hr/> <hr/>	<hr/> <hr/>

Turnover and results reported above all relate to continuing activities.

There were no recognised gains or losses other than the result for the year reported above and so a statement of total recognised gains and loss has not been presented.

Balance sheet
at 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Fixed assets			
Tangible assets	9	937	912
Current assets			
Stocks	10	1,875	1,496
Debtors	11	3,374	2,439
Cash at bank and in hand		183	242
		5,432	4,177
Creditors: Amounts falling due within one year	12	(3,863)	(3,063)
Net current assets		1,569	1,114
Total assets less current liabilities		2,506	2,026
Creditors: Amounts falling due after more than one year	13	(426)	(426)
Net Assets		2,080	1,600
Capital and reserves			
Called up share capital	15	1,000	1,000
Profit and loss account	16	1,080	600
Equity shareholders' funds		2,080	1,600

These financial statements were approved by the board of directors on 9 August 2001 and were signed on its behalf by:


MC Keatley
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared using the historical cost convention and in accordance with applicable UK Accounting Standards.

Tangible fixed assets

Tangible fixed assets are depreciated at rates calculated to write off the original cost less residual amounts in equal instalments over the expected useful life of the assets concerned.

Depreciation is provided at the following rates:

Short leasehold properties	- over the term of the lease
Plant and equipment	- 20-33 ⅓% per annum
Furniture & Fittings	- 10-11% per annum
Motor vehicles	- 25% per annum

Leased assets

Operating lease rentals are charged to the profit and loss account in the period to which they relate.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises the actual cost of raw materials, direct labour and attributable manufacturing overheads where appropriate. Net realisable value represents the estimated selling price less the costs of completion, marketing, selling and distribution.

Research and development

Expenditure on research and development is written off in the period in which it is incurred.

Deferred taxation

Deferred taxation is provided using the liability method in respect of timing differences except where the liability is not expected to arise in the foreseeable future.

Pensions

Contributions in respect of defined contribution schemes are charged to the profit and loss account in the year incurred. The costs of defined benefit schemes are spread over the average remaining service lives of employees.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Exchange differences are dealt with in the profit and loss account.

Cash flow statements

The company's ultimate parent company, Fairey Group plc, has complied with the requirements of FRS1 - Cash Flow Statements in producing a group cash flow statement. The company has taken advantage of the exemption available in FRS1 and does not present its own cash flow statement.

Notes (continued)

2 Turnover

Turnover represents the invoiced amount of goods sold, excluding value added tax. The analysis of turnover by geographical area is as follows:

	2000 £000	1999 £000
United Kingdom	1,337	1,676
Asia	2,536	1,668
Europe	5,371	3,756
North America	2,245	1,930
Other	406	33
	<u>11,895</u>	<u>9,063</u>

3 Interest receivable

	2000 £000	1999 £000
Bank and other interest receivable	6	7
Interest receivable from group undertakings	-	3
	<u>6</u>	<u>10</u>

4 Interest payable

	2000 £000	1999 £000
On bank overdraft	1	-
On loans from group undertakings	110	56
	<u>111</u>	<u>56</u>

5 Profit on ordinary activities before taxation

	2000 £000	1999 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation	136	99
Research and development expenditure	127	96
Operating lease rentals:		
Plant and equipment	76	36
Other	204	292
Auditors' remuneration:		
Audit fees	16	15
Other fees	2	2
	<u></u>	<u></u>

Notes (continued)

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2000	1999
Factory	51	45
Sales and administration	39	42
	<hr/> 90	<hr/> 87

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	2,092	1,865
Social security costs	217	185
Other pension costs	67	71
	<hr/> 2,376	<hr/> 2,121

7 Directors' emoluments

	2000 £000	1999 £000
Remuneration as directors	188	209
Pension contributions to defined contribution scheme	12	10
	<hr/> 200	<hr/> 219

Excluding pension contributions the emoluments of the highest paid director were £54,000 (1999: £50,000) and pension contributions were £3,000 (1999: £7,000).

Three directors participated in defined contribution pension schemes (1999: two).

8 Taxation on profit on ordinary activities

	2000 £000	1999 £000
The charge/(credit) in respect of taxation comprises:		
Current year		
Corporation tax	177	-
Group relief	-	(44)
Prior year		
Corporation tax	(91)	-
Group relief	-	(296)
	<hr/> 86	<hr/> (340)

Notes (continued)

9 Tangible fixed assets

	Short leasehold properties £000	Plant and equipment £000	Furniture & Fittings £000	Motor vehicles £000	Total £000
Cost					
At beginning of year	632	185	251	41	1,109
Additions	-	151	10	-	161
Disposals	-	-	-	(22)	(22)
At end of year	632	336	261	19	1,248
Depreciation					
At beginning of year	32	109	29	27	197
Charge for the year	31	72	29	4	136
Disposals	-	-	-	(22)	(22)
At end of year	63	181	58	9	311
Net book value					
At 31 December 2000	569	155	203	10	937
At 31 December 1999	600	76	222	14	912

10 Stocks

	2000 £000	1999 £000
Raw materials	790	698
Work in progress	420	374
Finished goods	665	424
	1,875	1,496

11 Debtors

	2000 £000	1999 £000
Trade debtors	2,412	1,554
Amounts owed by group undertakings	452	620
Other debtors	166	119
Prepayments and accrued income	344	146
	3,374	2,439

Notes (continued)

12 Creditors: Amounts falling due within one year

	2000 £000	1999 £000
Trade creditors	1,237	850
Amounts owed to group undertakings	1,753	1,636
Corporation tax	166	-
Other taxes and social security	60	56
Other creditors	147	114
Accruals and deferred income	500	407
	<u>3,863</u>	<u>3,063</u>

13 Creditors: Amounts falling due after more than one year

	2000 £000	1999 £000
Amounts owed to group undertakings	426	426
	<u>426</u>	<u>426</u>

The balance due to Fairey Group plc is interest free and not repayable within twelve months of the balance sheet date.

14 Deferred taxation

The amount for deferred taxation, provided and not provided, under the liability method calculated using a tax rate of 30% (1999: 30%) is as follows:

	2000		1999	
	Provided £000	Not provided £000	Provided £000	Not provided £000
Accelerated capital allowances	-	30	-	(25)
Short term timing differences	-	(41)	-	(125)
	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(150)</u>
Deferred taxation asset	-	(11)	-	(150)
	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>(150)</u>

15 Share capital

	2000 £000	1999 £000
<i>Authorised, allotted, called up and fully paid:</i> 1,000,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

Notes (continued)

16 Profit and loss account

	£000
At beginning of year	600
Profit for the year	480
	<hr/>
At end of year	1,080
	<hr/>

17 Reconciliation of movement in equity shareholders' funds

	2000 £000	1999 £000
Profit for the financial year	480	539
Opening equity shareholders' funds	1,600	1,061
	<hr/>	<hr/>
Closing equity shareholders' funds	2,080	1,600
	<hr/>	<hr/>

18 Commitments

Capital expenditure

Future capital expenditure commitments for which no provision has been made in these financial statements are as follows:

	2000 £000	1999 £000
Contracted for	30	42
	<hr/>	<hr/>

Operating leases

The company has commitments under non-cancellable operating leases as follows:

	2000 Land and buildings £000	Other £000	1999 Land and buildings £000	Other £000
Expiring under one year	-	2	-	5
Expiring between two and five years	-	69	-	83
Expiring after five years	204	-	292	-
	<hr/>	<hr/>	<hr/>	<hr/>
	204	71	292	88
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

19 Contingent liabilities

With other members of the group, the company has guaranteed facilities made available to Fairey Group plc, in respect of which the following amounts were outstanding at 31 December 2000:

Senior Loan Notes 2006	\$100,000,000	(1999: \$100,000,000)
Senior Loan Notes 2010	\$75,000,000	(1999: \$Nil)
Lloyds Bank PLC	£Nil	(1999: £15,000,000)
National Westminster Bank PLC	£5,560,000	(1999: £12,328,000)
National Westminster Bank PLC	£2,220,000	(1999: £1,543,000)
Bank One NA	£27,358,000	(1999: £Nil)

20 Pensions

Fairey Group plc operates a defined benefit pension plan in which the company participates. Pension contributions are invested through an independent trust fund. The plan is reviewed regularly by actuaries and is funded in accordance with their advice.

When last valued on 31 December 1999, the fund showed a valuation surplus. The valuation was based on estimates of expenditure on benefits in future years and of the funding rates necessary to meet that expenditure. The financial statements of Fairey Group plc includes details of the valuation of the scheme.

The Fairey Group plc defined benefit pension plan was closed to new members from 1 January 1996. Contributions payable by the company to the scheme amounted to £6,000 for the year ended 31 December 2000 (1999: £5,000).

On 1 May 1996 Fairey Group plc established a defined contribution pension plan, membership of which is available to the qualifying UK employees of group companies. Contributions payable by the company to the plan amounted to £43,000 for the year ended 31 December 2000 (1999: £19,000). Further details are given in the accounts of Fairey Group plc.

Contributions totalling £18,000 (1999: £47,000) were also made to the personal pension schemes of certain employees.

21 Related party transactions

Under Financial Reporting Standard 8, the company is exempt from the disclosure of transactions with other group undertakings on the grounds that it is a wholly owned subsidiary of Fairey Group plc and its results are included in the consolidated financial statements of that company.

22 Ultimate parent company

The ultimate parent company and controlling party is Fairey Group plc. Copies of the consolidated financial statements of this company may be obtained from Companies House, Crown Way, Cardiff, CF1 1PC. On 8 May 2001, Fairey Group plc changed its name to Spectris plc.