



# PANalytical

**PANalytical Limited**

**Directors' report and financial  
statements**

**Registered number 1005071**

**31 December 2012**

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## Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditor's report to the members of PANalytical Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

## Directors' report

The directors present their report and the financial statements for the year ended 31 December 2012

### Principal activity

The principal activity of the company is the marketing, sale and support of x-ray analytical equipment in the United Kingdom and Ireland

### Business review

The result for the year before taxation amounted to a profit of £1,094,818 (2011 profit of £696,574)

In 2012, the business levels in the UK were subdued but not severely. Spending in most sectors was reasonable given the apparent state of the economy and the order income in the XRF product lines was about average over the past 10 year period. Continued growth in the benchtop EDXRF market was seen with the Epsilon 3 range being particularly effective.

The Academic sector (mostly XRD product lines) was quiet in the early part of the year until the Government confirmed its Science spending plans. The final quarter of 2012 saw a resurgence in this sector with a sudden release of funding for capital purchases. PANalytical is benefiting significantly from this round of funding.

The continuance of normal profitability was driven by the sustained activity levels in the Customer Support operations and careful attention to cost management. Also sales of customer training and accessory items were up on 2011, again adding to the return in investment.

The calibration standards production activity located in Nottingham also performed well in the year. A large contract from BGS underpinned a solid return from the combination of internal standards production and third party contract analysis.

Overall the UK and Ireland activity returned a higher than anticipated Trading Profit for the year. The portents for 2013 are currently looking strong driven by Academic funding still flowing through and the dominance of the EDXRF range in the market is bringing significant business.

The company undertakes long term research concentrating on future opportunities in the field of expertise and core competences of the PANalytical Group worldwide. Activities include innovations associated with X-ray scattering equipment, the physics thereof and the applicability to solving problems.

Risk management – the key business risks and uncertainties affecting the company are considered to relate to international competition, key employee retention and product availability. The company is a wholly owned subsidiary of Spectris plc, its management of financial risks are controlled at group level. The group's financial risk management objectives and policies are fully disclosed in the accounts of Spectris plc.

### Dividends

No interim dividend was paid during the year (2011 £nil). The directors do not recommend a final dividend (2011 £nil).

**Directors and directors' interests**

The directors of the company during the year were

Dr R A Nicholls  
R J Stephens  
J C Webster  
Dr M Fehrentz  
Dr P Van Velzen  
Drs R de Haan RA

No director had an interest in the shares of the company

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the Board



Dr R A. Nicholls  
Director



2013

7310 Ground Floor  
Cambridge Research Park  
Beach Drive  
Waterbeach  
Cambridge  
CB25 9AY

## **Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements**

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

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

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.

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

We have audited the financial statements of PANalytical Limited for the year ended 31 December 2012 set out on pages 5 to 15. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 2012 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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 Audit Plc, Statutory Auditor  
15 Canada Square  
London  
E14 5GL

8 July 2013

**Profit and loss account**  
*for the year ended 31 December 2012*

	<i>Note</i>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	<b>7,178,412</b>	<b>7,469,755</b>
Cost of sales		(5,119,370)	(5,899,080)
<b>Gross profit</b>		<b>2,059,042</b>	<b>1,570,675</b>
Distribution costs		(73,482)	(65,233)
Administration expenses		(899,409)	(817,929)
<b>Operating profit</b>		<b>1,086,151</b>	<b>687,513</b>
Other interest receivable and similar income	<b>6</b>	<b>8,667</b>	<b>9,061</b>
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>1,094,818</b>	<b>696,574</b>
Taxation on profit/ (loss) on ordinary activities	<b>7</b>	<b>(244,647)</b>	<b>(174,674)</b>
<b>Profit for the financial year</b>	<b>16</b>	<b>850,171</b>	<b>521,900</b>

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented

Results are derived wholly from continuing operations

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

The notes on pages 7 to 15 form part of these financial statements

**Balance sheet**  
*at 31 December 2012*

	<i>Notes</i>		<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
<b>Fixed assets</b>				
Intangible assets	8	1,136,315	1,253,701	
Tangible assets	9	50,064	43,802	
			<b>1,186,379</b>	<b>1,297,503</b>
<b>Current assets</b>				
Stocks	10	773,065	901,969	
Debtors	11	2,402,087	955,312	
Cash at bank and in hand		785,753	520,964	
			<b>3,960,905</b>	<b>2,378,245</b>
<b>Creditors</b> Amounts falling due within one year	12	(2,270,529)	(1,647,384)	
<b>Net current assets</b>			<b>1,690,376</b>	<b>730,861</b>
<b>Total assets less current liabilities</b>			<b>2,876,755</b>	<b>2,028,364</b>
<b>Provisions for liabilities and charges</b>	13		(41,757)	(43,537)
<b>Net assets</b>			<b>2,834,998</b>	<b>1,984,827</b>
<b>Capital and reserves</b>				
Called up share capital	15	100,000	100,000	
Profit and loss account	16	2,734,998	1,884,827	
<b>Equity shareholders' funds</b>	17		<b>2,834,998</b>	<b>1,984,827</b>

These financial statements were approved by the board of directors on 1<sup>st</sup> July 2013 and were signed on its behalf by

  
**Dr R A Nicholls**  
*Director*

Registered number 1005071

The notes on pages 7 to 15 form part of these financial statements



## Notes

*(forming part of the financial statements)*

### 1 Principal 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 on a going concern basis 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 a parent undertaking includes the company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of Spectris plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

The consolidated financial statements of Spectris plc, within which this company is included, can be obtained from the address given in note 21

#### *Tangible fixed assets and depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives. It is calculated at the following rates

Fixtures and fittings	-	Life of lease
IT equipment	-	33% straight line method

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal

#### *Operating lease agreements*

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term

#### *Taxation*

The charge for taxation is based on the profit or loss for the year, and takes into account taxation deferred or accelerated 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

## Notes (continued)

### 1 Principal accounting policies (continued)

#### *Post retirement benefits*

Spectris plc operates a defined contribution pension scheme in which the Company participates. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### *Goodwill*

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. The estimated useful life of goodwill is 20 years, which is equivalent to the life cycle of PANalytical X-ray analysis equipment.

#### *Basis of translating Foreign Currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

System sales are recognised when the customer has accepted ownership of the system. Service contract income is recognised at equal monthly instalments over the term of the service contract. All other sales are recognised upon delivery to the customer.

## Notes (continued)

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom and Ireland

### 3 Profit on ordinary activities before taxation

	2012 £	2011 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration of the current auditors		
- audit of the financial statements	19,200	15,600
Depreciation on owned tangible fixed assets	24,756	14,847
Amortisation of intangible fixed assets	117,386	117,386
Operating lease rentals – leasehold premises	173,077	131,952
Research and development expenditure	454,827	396,721

### 4 Staff numbers and costs

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

	Number of employees	
	2012	2011
Sales and administration	25	26

The aggregate payroll costs of these persons were as follows

	2012 £	2011 £
Wages and salaries	1,075,959	1,042,902
Social security costs	149,631	107,320
Other pension costs	59,078	57,300
	<u>1,284,668</u>	<u>1,207,522</u>

**Notes (continued)****5 Remuneration of directors**

	2012 £	2011 £
Directors' emoluments	88,360	79,630
Company contributions to money purchase pension schemes	3,914	4,542
	<u>92,274</u>	<u>84,172</u>

**6 Other interest receivable and similar income**

	2012 £	2011 £
Foreign exchange gains	3,631	6,455
Interest receivable from group undertakings	3,335	1,329
Other Interest receivable	1,701	1,277
	<u>8,667</u>	<u>9,061</u>

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

## Analysis of charge in period

	2012 £	2011 £
<i>UK corporation tax</i>		
Current tax on income for the period	248,595	177,648
Adjustments in respect of previous years	(1,168)	3,187
<b>Total current tax charge</b>	<b>247,427</b>	<b>180,835</b>
<i>Deferred tax (see note 13)</i>		
Origination/ reversal of timing differences	(6,309)	(9,097)
Adjustments in respect of prior years	1,101	(1,501)
Charge resulting from reduction in tax rate	2,428	4,437
<b>Total deferred tax (credit)/ charge</b>	<b>(2,780)</b>	<b>(6,161)</b>
<b>Tax charge on profit on ordinary activities</b>	<b>244,647</b>	<b>174,674</b>

*Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2011 lower) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £	2011 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	1,094,818	696,574
<b>Current tax at 24.5% (2011 26.5%)</b>	<b>268,230</b>	<b>184,592</b>
<i>Effects of</i>		
Expenses not deductible for tax purposes	275	5,074
Depreciation in excess of capital allowances	9,279	7,053
Enhanced tax relief	(26,093)	(20,946)
Short term timing differences	(3,096)	1,875
Adjustments to tax charge in respect of prior periods	(1,168)	3,187
<b>Total current tax charge</b>	<b>247,427</b>	<b>180,835</b>

The 2012 Budget on 21 March 2012 announced that the main rate of UK corporation tax would reduce to 24% from 1 April 2012. This was substantively enacted on 26 March 2012.

The 2013 Budget on 20 March 2013 announced that the main rate of UK corporation tax will reduce to 20% by 1 April 2015. This has not been substantively enacted at 31 December 2012 and so has not been reflected in the above figures. The overall effect of the further reductions from 24% to 20%, if these were applied to the deferred tax balances at 31 December 2012, would be to reduce the deferred tax asset by approximately £9,500.

**Notes (continued)****8 Intangible fixed assets**

	<b>Goodwill</b> £
<i>Cost</i>	
At beginning of year	2,347,718
At end of year	2,347,718
<i>Amortisation</i>	
At beginning of year	1,094,017
Charge for the year	117,386
At end of year	1,211,403
<b>Net book value</b>	
<b>At 31 December 2012</b>	<b>1,136,315</b>
At 31 December 2011	1,253,701

**9 Tangible fixed assets**

	<b>Fixtures and Fittings</b> £	<b>IT Equipment</b> £	<b>Total</b> £
<i>Cost</i>			
At beginning of year	45,878	98,510	144,388
Acquisitions	-	31,018	31,018
Disposals		(62,699)	(62,699)
At end of year	45,878	66,829	112,707
<i>Depreciation</i>			
At beginning of year	32,793	67,793	100,586
Charge for the year	9,940	14,816	24,756
Disposals	-	(62,699)	(62,699)
At end of year	42,733	19,910	62,643
<b>Net book value</b>			
<b>At 31 December 2012</b>	<b>3,145</b>	<b>46,919</b>	<b>50,064</b>
At 31 December 2011	13,085	30,717	43,802

The company had no capital commitments contracted for at 31 December 2012 (2011 nil)

**Notes (continued)****10 Stocks**

	2012 £	2011 £
Raw materials	122,620	81,346
Finished goods	650,445	820,623
	<u>773,065</u>	<u>901,969</u>

**11 Debtors**

	2012 £	2011 £
Trade debtors	901,264	688,934
Amounts due from fellow subsidiary undertakings	1,453,656	182,964
Prepayments and accrued income	47,167	83,414
	<u>2,402,087</u>	<u>955,312</u>

**12 Creditors: Amounts falling due within one year**

	2012 £	2011 £
Trade creditors	7,477	4,497
Amounts owed to parent and fellow subsidiary undertakings	519,198	275,222
Corporation tax	248,595	177,648
Other taxation and social security costs	230,443	203,749
Accruals and deferred income	1,098,174	846,777
Other creditors	166,642	139,491
	<u>2,270,529</u>	<u>1,647,384</u>

**13 Provision for liabilities and charges**

	Warranty Provision £	Deferred Taxation £	Total £
At beginning of year	99,000	(55,463)	43,537
Charged/ (credited) to the profit and loss for the year	1,000	(2,780)	(1,780)
	<u>100,000</u>	<u>(58,243)</u>	<u>(41,757)</u>

**Notes (continued)****14 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

	2012 £	2011 £
Royal Bank of Scotland	3,020,142	3,979,316

**15 Called up share capital**

	2012 £	2011 £
<i>Authorise</i>		
Ordinary shares of £1 each	100,000	100,000
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100,000	100,000

**16 Profit and loss account**

	2012 £	2011 £
At beginning of year	1,884,827	1,362,927
Retained profit for the year	850,171	521,900
At end of year	2,734,998	1,884,827

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

	2012 £	2011 £
Profit for the financial year	850,171	521,900
Net addition to shareholders' funds	850,171	521,900
Opening shareholders' funds	1,984,827	1,462,927
Closing shareholders' funds	2,834,998	1,984,827



**Notes (continued)****18 Pension commitments***Defined contribution schemes*

Since 1 January 1997, the company has participated in the Spectris Defined Contribution Pension Plan. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £59,078 (2011 £57,300).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

**19 Lease commitments**

At 31 December, the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings 2012 £</b>	<b>Land and buildings 2011 £</b>	<b>Other 2012 £</b>	<b>Other 2011 £</b>
Expiring within one year	14,877	-	12,447	25,110
Expiring between two and five years	68,631	127,530	80,364	62,696
	<u>83,508</u>	<u>127,530</u>	<u>92,811</u>	<u>87,806</u>

**20 Controlling party**

The controlling party and immediate parent company is PANalytical B.V. The smallest level of consolidation is PANalytical EMEA region and these accounts are available from PANalytical B.V. Lelyweg 1, 7602 EA, Almelo, The Netherlands.

**21 Ultimate holding company and parent undertaking**

The ultimate holding company and parent undertaking is Spectris plc, which is incorporated in Great Britain and registered in England. Copies of their accounts are available from the company's registered office at Heritage House, Church Road, Egham, Surrey TW20 9QD.