

PANalytical Limited

**Directors' report and financial
statements**

Registered number 1005071

31 December 2010

THURSDAY



A1JBGV80

A40

23/06/2011

74

COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' 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 2010

Principal activity

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

Business review

The result for the year before taxation amounted to a profit of £567,660 (2009 loss of £30,244)

In 2010 we experienced a welcome return of interest from our UK industrial base. Orders for the large XRF range were higher than anticipated during the second half of the year. In general PANalytical benefited from the resurgence in the confidence of the manufacturing sector as Customer Support sales were also higher than anticipated. Much of this latter improvement came from Customers once again running full shifts and investing in higher capability support agreements. PANalytical benefited from our development of a solution for testing waste oils prior to their use as burner fuels – this allowed us access to a new market area.

The Academic sector declined in activity as restrictions in central funding began to filter through. Again most of the spend from Universities was on the XRD business line and we held our market share stable even in this leaner period.

The return to normal profitability was driven by the increased activity levels and careful attention to cost management. The view into 2011 gives us the expectation that PANalytical Ltd will perform at similar levels for most of the year.

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.

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, and hence financial risks are managed in accordance with group policies. 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 (2009 £nil). The directors do not recommend a final dividend (2009 £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

No director had an interest in the shares of the company

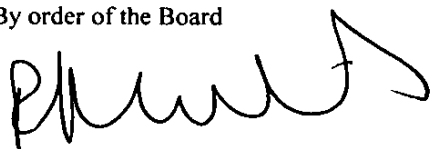
Disclosure of information to auditors

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

15 JUN 2011

2011

7310 IQ Cambridge
Waterbeach
Cambridge
Cambridgeshire
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 2010 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm

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 2010 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



IK Bone (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
15 Canada Square
London
E14 5GL

1 June 2011

Profit and loss account
for the year ended 31 December 2010

	<i>Note</i>	2010	2009
		£	£
Turnover	2	5,295,478	4,519,286
Cost of sales		(3,866,687)	(3,514,975)
Gross profit		1,428,791	1,004,311
Distribution costs		(55,846)	(49,209)
Administration expenses		(789,410)	(878,640)
Operating profit		583,535	76,462
Other interest receivable and similar income	6	870	12,531
Interest payable and similar charges	7	(16,745)	(119,237)
Profit/ (loss) on ordinary activities before taxation	3	567,660	(30,244)
Taxation on profit/ (loss) on ordinary activities	8	(83,675)	16,179
Profit/ (loss) for the financial year	17	483,985	(14,065)

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 2010

	<i>Notes</i>	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Intangible assets	9	1,371,087		1,488,473	
Tangible assets	10	27,528		35,939	
			1,398,615		1,524,412
Current assets					
Stocks	11	788,061		377,059	
Debtors	12	2,379,315		1,207,218	
Cash at bank and in hand		478,567		-	
		3,645,943		1,584,277	
Creditors: Amounts falling due within one year	13	(3,548,293)		(2,077,162)	
Net current assets/ (liabilities)			97,650		(492,885)
Total assets less current liabilities			1,496,265		1,031,527
Provisions for liabilities and charges	14		(33,338)		(52,585)
Net assets			1,462,927		978,942
Capital and reserves					
Called up share capital	16		100,000		100,000
Profit and loss account	17		1,362,927		878,942
Equity shareholders' funds	18		1,462,927		978,942

These financial statements were approved by the board of directors on 1st June 2011 and were signed on its behalf by



Dr R A Nicholls
Director

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 Financial Reporting Standard 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 22

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

Leasehold improvements	-	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***

The company remains a participating employer in a multi-employer pension scheme providing benefits based on final pensionable pay, albeit no employees of the company now accrue benefits within that scheme. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Spectris plc also 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

3 Profit/(loss) on ordinary activities before taxation

	2010 £	2009 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration	15,300	12,500
Depreciation on owned tangible fixed assets	13,100	16,330
Amortisation of intangible fixed assets	117,386	117,386
Operating lease rentals – leasehold premises	52,554	49,506

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	
	2010	2009
Sales and administration	19	23

The aggregate payroll costs of these persons were as follows

	2010 £	2009 £
Wages and salaries	756,196	843,528
Social security costs	94,531	102,067
Other pension costs	52,418	49,204
	903,145	994,799

Notes *(continued)***5 Directors' emoluments**

	2010 £	2009 £
Emoluments for qualifying services	68,812	79,317
Company pension contributions to money purchase schemes	3,651	3,579
	<u>72,463</u>	<u>82,896</u>

6 Other interest receivable and similar income

	2010 £	2009 £
Other interest	870	12,531
	<u>870</u>	<u>12,531</u>

7 Interest payable and similar charges

	2010 £	2009 £
On amount payable to group companies	884	38,705
Foreign exchange losses	15,861	80,532
	<u>16,745</u>	<u>119,237</u>

Notes (continued)**8 Tax on profit/(loss) on ordinary activities**

Analysis of charge/ (credit) in period

	2010 £	2009 £
<i>UK corporation tax</i>		
Current tax on income for the period	146,936	(9,067)
Adjustments in respect of previous years	(13,959)	(7,112)
Total current tax charge/ (credit)	132,977	(16,179)
<i>Deferred tax</i>		
Origination/ reversal of timing differences	(49,302)	-
Total deferred tax charge/ (credit)	(49,302)	-
Tax charge/ (credit) on profit on ordinary activities	83,675	(16,179)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2009 credit, higher) than the standard rate of corporation tax in the UK (28%, 2009 28%) The differences are explained below

	2010 £	2009 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	567,660	(30,244)
Current tax at 28% (2009 28%)	158,945	(8,468)
<i>Effects of</i>		
Expenses not deductible for tax purposes	5,082	4,200
Depreciation in excess of capital allowances	7,428	7,301
Enhanced tax relief	(24,519)	(12,100)
Adjustment in respect of previous years	(13,959)	(7,112)
Total current tax charge/ (credit)	132,977	(16,179)

Notes (continued)**9 Intangible fixed assets**

	Goodwill £
Cost	
At beginning of year	2,347,718
At end of year	2,347,718
Amortisation	
At beginning of year	859,245
Charge for the year	117,386
At end of year	976,631
Net book value	
At 31 December 2010	1,371,087
At 31 December 2009	1,488,473

10 Tangible fixed assets

	Fixtures and Fittings £	IT Equipment £	Total £
Cost			
At beginning of year	45,878	62,700	108,578
Acquisitions	-	4,689	4,689
Disposals	-	-	-
At end of year	45,878	67,389	113,267
Depreciation			
At beginning of year	15,206	57,433	72,639
Charge for the year	9,176	3,924	13,100
Disposals	-	-	-
At end of year	24,382	61,357	85,739
Net book value			
At 31 December 2010	21,496	6,032	27,528
At 31 December 2009	30,672	5,267	35,939

The company had no capital commitments contracted for at 31 December 2010 (2009 nil)

Notes (continued)**11 Stocks**

	2010 £	2009 £
Finished goods	788,061	377,059

12 Debtors

	2010 £	2009 £
Trade debtors	1,641,625	1,076,536
Other debtors	-	2,435
Amounts due from fellow subsidiary undertakings	103,419	61,986
Prepayments and accrued income	634,271	66,261
	<u>2,379,315</u>	<u>1,207,218</u>

13 Creditors: Amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts	-	153,157
Trade creditors	44,048	11,515
Amounts owed to parent and fellow subsidiary undertakings	722,058	796,880
Corporation tax	146,936	122,975
Other taxation and social security costs	377,232	150,944
Accruals and deferred income	2,154,917	771,384
Other creditors	103,102	70,307
	<u>3,548,293</u>	<u>2,077,162</u>

14 Provision for liabilities and charges

	2010 Warranty Provision £	2010 Deferred Taxation £	2010 Total £
At beginning of year	52,585	-	52,585
Charged/ (credited) to the profit and loss for the year	30,055	(49,302)	(19,247)
At end of year	<u>82,640</u>	<u>(49,302)</u>	<u>33,338</u>

Notes (continued)

15 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

	2010	2009
Royal Bank of Scotland	£3,500,000	£3,300,000

16 Called up share capital

	2010 £	2009 £
<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

17 Profit and loss account

	2010 £	2009 £
At beginning of year	878,942	893,007
Retained profit/ (loss) for the year	483,985	(14,065)
At end of year	1,362,927	878,942

18 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit/ (loss) for the financial year	483,985	(14,065)
Net addition to / (reduction in) shareholders' funds	483,985	(14,065)
Opening shareholders' funds	978,942	993,007
Closing shareholders' funds	1,462,927	978,942

Notes (continued)**19 Pension commitments***Defined benefit scheme*

Until 31 March 2002, certain employees of the company were members of the Spectris Pension Plan scheme providing benefits based on final pensionable pay. Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme. The latest full actuarial valuation was carried out at 31 December 2008. The contribution for 2010 was £nil (2009 £nil). Further details are set out in the accounts of Spectris plc.

Defined contribution scheme

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 £52,418 (2009 £49,204).

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

20 Lease commitments

At 31 December 2009, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2010 £	Land and buildings 2009 £	Other 2010 £	Other 2009 £
Expiring within one year	-	-	76,759	67,754
Expiring between two and five years	50,523	50,523	87,685	66,248
	<u>50,523</u>	<u>50,523</u>	<u>164,444</u>	<u>134,002</u>

21 Ultimate holding company and parent undertaking

The immediate parent company and ultimate holding company 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 Station Road, Egham, Surrey TW20 9NP.



PANalytical

9

PANalytical Limited

7310 Ground Floor, Beach Drive.,
Waterbeach, Cambridge CB25 9AY, Great Britain

Cambridge office
Tel 01223 203481
Fax 01223 203490

KPMG Audit plc
15 Canada Square
London, E14 5GL

1st June 2011
Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of PANalytical Limited ("the Company"), for the year ended 31 December 2010 for the purpose of expressing an opinion

- i. as to whether these financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit or loss for the financial year then ended,
- ii whether the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- iii whether the financial statements have been prepared in accordance with the Companies Act 2006

These financial statements comprise the balance sheet as at 31 December 2010, the profit and loss account, reconciliation of movements in shareholders' funds for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes

The Board confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter

The Board confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself

Financial statements

- 1 The Board has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 19 August 2010 for the preparation of financial statements that
 - give a true and fair view of the state of the Company's affairs as at the end of its financial year and of its profit or loss for that financial year,
 - have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
 - have been prepared in accordance with the Companies Act 2006

The financial statements have been prepared on a going concern basis



PANalytical Limited
Registered in England No 01005071
Registered Offices
7310 Ground Floor, Beach Drive,
Waterbeach
Cambridge CB25 9AY

- 2 Measurement methods and significant assumptions used by the Board in making accounting estimates, including those measured at fair value, are reasonable
- 3 All events subsequent to the date of the financial statements and for which FRS 21 *Events after the balance sheet date* requires adjustment or disclosure have been adjusted or disclosed
- 4 The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter

Information provided

- 6 The Board has provided you with
 - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters,
 - additional information that you have requested from the Board for the purpose of the audit, and
 - unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence
- 7 All transactions have been recorded in the accounting records and are reflected in the financial statements
- 8 The Board acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error

The Board has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets

- 9 The Board has disclosed to you all information in relation to
 - (a) Fraud or suspected fraud that it is aware of and that affects the Company and involves
 - management,
 - employees who have significant roles in internal control, or
 - others where the fraud could have a material effect on the financial statements, and
 - (b) allegations of fraud, or suspected fraud, affecting the Company's financial statements communicated by employees, former employees, analysts, regulators or others
- 10 The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements. Further, the Board has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements in accordance with UK Generally Accepted Accounting Practice all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements

- 11 The Board has disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which it is aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with FRS 8 *Related party disclosures*

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as the Board understands them and as defined in FRS 8

- 12 The Board confirms that

- (a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the company's ability to continue as a going concern as required to provide a true and fair view
- (b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Company to continue as a going concern.

- 13 The Board confirms that

- (a) all significant retirement benefits, including any arrangements that are
 - statutory, contractual or implicit in the employer's actions,
 - arise in the UK and the Republic of Ireland or overseas,
 - funded or unfunded; and
 - approved or unapproved,have been identified and properly accounted for, and
- (b) all settlements and curtailments have been identified and properly accounted for

This letter was tabled and agreed at the meeting of the Board of Directors on 1st June 2011

Yours faithfully,



Dr R A Nicholls
Director

Appendix A to the Board Representation Letter of PANalytical Limited Definitions**Financial Statements**

A complete set of financial statements comprises

- a balance sheet as at the end of the period,
- a profit and loss account for the period,
- a statement of total recognised gains and losses for the period,
- notes, comprising a summary of significant accounting policies and other explanatory information

Material Matters

Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related party

A party is related to an entity if

- (a) directly, or indirectly through one or more intermediaries, the party
 - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries),
 - (ii) has an interest in the entity that gives it significant influence over the entity, or
 - (iii) has joint control over the entity;
- (b) the party is an associate (as defined in FRS 9 *Associates and Joint Ventures*) of the entity,



- (c) the party is a joint venture in which the entity is a venturer (as defined in FRS 9 *Associates and Joint Ventures*),
- (d) the party is a member of the key management personnel of the entity or its parent,
- (e) the party is a close member of the family of any individual referred to in subparagraph (a) or (d),
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e), or
- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity

Related party transaction

A transfer of assets, or liabilities or the performance of services by, to or for a related party irrespective of whether a price is charged

Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 8 *Related Party Disclosures* as the “reporting entity”)

- (a) A person or a close member of that person’s family is related to a reporting entity if that person
 - (i) has control or joint control over the reporting entity,
 - (ii) has significant influence over the reporting entity, or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity
- (b) An entity is related to a reporting entity if any of the following conditions applies
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others)
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
 - (iii) Both entities are joint ventures of the same third party
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity
 - (v) The entity is a retirement benefit scheme for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a scheme, the sponsoring employers are also related to the reporting entity
 - (vi) The entity is controlled or jointly controlled by a person identified in (a)
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)

Related party transaction

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

