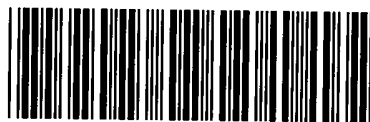


PANalytical Limited
Annual report and financial statements

Year ended 31 December 2015

Registered number: 1005071

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Strategic report

The directors present the strategic report, the director's report and the financial statements for the year ended 31 December 2015.

Principal Activities

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

Review of the company's business

The result for the year before taxation amounted to a profit of £779,000 (2014: £1,439,000).

In 2015, the core business has seen an improvement in turnover following increased market activity. Spending in most sectors has increased with improved confidence in the economy and a continued spend in academic and large industrial clients over the year continuing the trend from 2014. Growth in the business has been offset by the company's activities in Nottingham, United Kingdom, which include the production of standards and performing contract analysis. The revenue achieved in Nottingham was significantly affected by the loss of an expected tender (Tellus Project).

The Academic sector (mostly XRD product lines but increasing into XRF and sample preparation) was busy for the whole year. PANalytical is benefiting significantly from this level of academic funding. This feature was also seen in 2014.

Overall, activities in the UK and Ireland achieved expected trading profit for the year given the failure of the above tender to be awarded. There is a poorer outlook for 2016 due to a fall in academic funding seen at the end of 2015, uncertainty in the economic outlook for private industry, and uncertainty over the outcome of the UK referendum in June 2016 which is likely to hold back commercial sales until the outcome is known and confidence returns.

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.

Principal risks and uncertainties facing the company

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

By order of the Board



P A Russell

Director

Registered Office:

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

12th July 2016

Directors' report

Results and dividends

The company made a profit after tax in the year of £615,000 (2014: £1,113,000).

During the year the company didn't pay a dividend to its parent company (2014: £nil) and does not propose a dividend for the year ended 31 December 2015.

Directors

The directors who held office during the year were:

Mr R de Haan

Mr P A Russell

Dr M Fehrentz

Dr P van Velzen

Mr E P O'Lionaird

Disclosure of information to auditor

The directors who held office at the date of approval of the director's 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Political donations

The Company made no political donations nor incurred any political expenditure during the year (2014: £nil).

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



P A Russell

Director

Registered Office:

7310 Ground Floor

Cambridge
Research Park
Beach Drive

Waterbeach,
Cambridge
CB25 9AY

12th July
2016

Statement of Directors Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

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 2015 set out on pages 8 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 5, 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.

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 2015 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Richard Broadbelt (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

12 July 2016

Profit and Loss account

For the year ended 31 December 2015

	Note	2015 £000	2014 (restated) £000
Turnover	2	7,393	7,183
Cost of sales		(5,308)	(5,048)
Gross profit		2,085	2,135
Distribution costs		(36)	(50)
Administrative expenses		(1,297)	(631)
Operating profit		752	1,454
Interest receivable and similar income	6	55	18
Interest payable and similar charges	7	(28)	(33)
Profit on ordinary activities before taxation		779	1,439
Tax on profit on ordinary activities	8	(164)	(326)
Profit for the financial year		615	1,113

The results in the profit and loss account relate entirely to continuing operations.

The notes on pages 11 to 30 form part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 December 2015

	2015 £000	2014 (restated) £000
Profit for the financial year	615	1,113
Total comprehensive income for the year	615	1,113

Statement of Changes in Equity

For the year ended 31 December 2015

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2015	100	4,441	4,541
Profit for the year	-	615	615
Balance at 31 December 2015	100	5,056	5,156

	Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014 (restated)	100	3,328	3,428
Profit for the year (restated)	-	1,113	1,113
Balance at 31 December 2014 (restated)	100	4,441	4,541

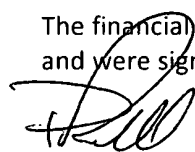
Balance Sheet

As at 31 December 2015

	Note	2015 £000	2014 (restated) £000
Fixed assets			
Intangible assets	9	1,019	1,019
Tangible assets	10	212	32
		1,231	1,051
Current assets			
Stocks	11	412	901
Debtors	12	5,431	4,922
Cash at bank and in hand and short term deposits		212	906
		6,055	6,729
Creditors: amounts falling due within one year	13	(1,961)	(3,081)
Net current assets		4,094	3,648
Total assets less current liabilities		5,325	4,699
Provisions for liabilities			
Provisions	14	(169)	(158)
Net assets		5,156	4,541
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account		5,056	4,441
Shareholders' funds		5,156	4,541

The notes on pages 11 to 30 form part of these financial statements.

The financial statements were approved by the Board of Directors
and were signed on its behalf by:



P A Russell

Director

12th July
2016

Company
Registration
No. 1005071

Notes to the Accounts

1. Basis of preparation and summary of significant accounting policies

PANalytical Limited (the “company”) is a company incorporated and domiciled in the United Kingdom.

a) Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). The company’s shareholder was notified of, and did not object to, the use of the EU-adopted IFRS disclosures exemptions.

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.

In the transition to FRS 101, the company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the company is provided in note 19.

The company has applied the exemptions available under FRS 101 in aspect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Spectris plc, available to the public as set out in note 18, include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets.

The financial statements have been prepared on the historical cost basis. 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.

On the basis of their assessment of the company's financial position and performance the directors have a reasonable expectation that the company will be able to continue in operational existence for the twelve months from the date of approval of these financial statements they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Significant accounting judgements and estimates

In preparing the Financial Statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

Deferred tax

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

Notes to the Accounts continued

b) Summary of significant accounting policies

Intangible assets

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

The company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. This is not in accordance with the UK Companies Act which requires goodwill to be amortised over its useful economic life. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Notes to the Accounts continued

When the company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit and loss account in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the 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 profit and loss account when the asset is derecognised.

Tangible assets

Tangible assets 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 profit and loss account 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:

- IT equipment – 33% straight line method.
- Fixtures and fittings – 3-10 years.

Notes to the Accounts continued

Stocks

Stocks are carried at the lower of cost and net realisable value. Cost represents direct costs incurred and, where appropriate, production or conversion costs and other costs to bring the stock to its existing location and condition. In the case of manufactured stock and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Stock is accounted for on a first-in, first-out 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 debtors

Trade and other debtors are carried at original invoice amount which is considered a reasonable proxy for fair value, less provision made for impairment of these debtors. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the original carrying amount and the recoverable amount, being the present value of expected cash flows receivable. The amount of the provision is recognised in the profit and loss account.

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 creditors

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

Provisions

A provision is recognised in the balance sheet 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.

Notes to the Accounts continued

Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Taxation

Tax on the profit or loss for the year comprises both current and deferred tax. Tax is recognised in the profit and loss account 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 balance sheet date, and any adjustments to tax payable in respect of prior years.

Deferred taxation 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 realised or the liability settled based on tax rates enacted or substantively enacted by the balance sheet date.

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 or that they will reverse. 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.

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 balance sheet 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 profit and loss account. 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 profit and loss account 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.

Turnover

Turnover comprises sales to external customers after discounts and excluding Value Added Tax and similar sales taxes.

Turnover from the sale of goods is recognised in the profit and loss account when the significant risk and rewards of ownership of the goods have been transferred to the customer, which is typically on delivery. For contracts that involve a significant element of installation or testing of equipment, turnover is recognised at the point of customer acceptance. Turnover from services rendered is recognised in the profit and loss account in proportion to the measurement of the stage of completion of services rendered as at the balance sheet 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 turnover is allocated across each of the individual components in line with their relative value and each element is accounted for as described above.

Interest payable and similar charges and interest receivable and similar income

Interest payable and similar charges comprises the interest payable on borrowings calculated using the effective interest method. Interest receivable and similar income comprises interest income on cash and funds invested and is recognised in the profit and loss account as it accrues.

2. Turnover

An analysis of the company's turnover is as follows:

	2015 £000	2014 £000
Sale of goods	5,308	5,048
Services rendered	2,085	2,135
Turnover from continuing operations	7,393	7,183

An analysis of the company's turnover by geographical area:

	2015 £000	2014 £000
United Kingdom	6,505	6,145
Europe	885	1,007
United States of America	3	31
	7,393	7,183

3. Operating profit

Operating profit has been arrived at after charging:

	2015 £000	2014 £000
Net foreign exchange losses	28	33
Depreciation of fixed assets	26	29
Operating lease payments	270	254

4. Auditors remuneration

	2015 £000	2014 £000
Audit of the Company	25	20

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of its parent, Spectris plc.

5. Employee numbers and costs

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

	2015 Number	2014 Number
Production and engineering	19	18
Sales and marketing	6	7
	25	25

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

	2015 £000	2014 £000
Wages and salaries	1,249	1,142
Social security costs	115	111
Expenses related to defined contribution plans	85	71
	1,449	1,324

Directors' remuneration	2015 £000	2014 £000
Short-term benefits	67	55

Retirement benefits are accruing to the following number of directors under:

	2015 £000	2014 £000
Money purchase schemes	4	4

Phillip Russell was employed by the company and received remuneration for his service to the company in the year. The other directors are employed by, and receive remuneration from, the ultimate parent company or other companies in the Spectris group.

6. Interest receivable and similar income

	2015 £000	2014 £000
Interest receivable	45	13
Interest receivable from group undertakings	10	5
	55	18

7. Interest payable and similar charges

	2015 £000	2014 £000
Other finance costs	28	33

8. Taxation

	2015 £000	2014 (restated) £000
a) Tax charged in the profit and loss account		
Current tax:		
UK corporation tax	136	282
Adjustments in respect of prior years	-	28
Total current tax charge	136	310
Deferred tax:		
Origination and reversal of temporary differences	28	19
Adjustments in respect of prior years	-	(3)
Total deferred tax charge	28	16
Total tax charge	164	326

b) Reconciliation of the total tax charge

The tax charge in the profit and loss account for the year is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are reconciled below:

	2015 £000	2014 £000
Profit before taxation	779	1,439
Corporation tax at standard rate of 20.25% (2014: 21.5%)	158	309
Non-taxable income	-	(7)
Non-deductible expenditure	7	-
Other current year tax items	(1)	(1)
Other adjustments to prior year current and deferred tax charges	-	25
Total tax charge reported in the profit and loss account	164	326

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. Deferred tax at 31 December 2015 has been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge and deferred tax balance accordingly.

The deferred tax included in the company balance sheet is as follows:

	2015	2014 (restated)
	£000	£000
Deferred tax in profit and loss account		
Temporary differences relating to intangible assets	19	19
Temporary differences relating to tangible assets	9	(3)
Other temporary differences	-	3
Adjustments in respect of prior years	-	(3)
Deferred tax charge	28	16

9. Intangible assets

	Goodwill £000
Cost	
At 1 January 2015 and 31 December 2016	1,019
Accumulated impairment losses	
At 1 January 2015 and 31 December 2015	-
Carrying amount	
At 31 December 2014 and 31 December 2015	1,019

Goodwill

Goodwill is allocated to one cash-generating unit that is anticipated to benefit from the acquisition. This is:

	2015 £000	2014 (restated) £000
Carrying amount of goodwill allocated to cash-generating units		
PANalytical X-ray analysis equipment	1,019	1,019

The cash-generating units represent the lowest level within the company at which goodwill is monitored for internal management purposes.

As part of the annual impairment review, the carrying amount of goodwill has been assessed with reference to value in use to perpetuity, reflecting the projected cash flows of the cash-generating unit based on actual operating results, the most recent budget for the next financial year as approved by the Board, and strategic review projections for 2016 and 2017.

10. Tangible fixed assets

	IT equipment	Fixtures and fittings	Total
	£000	£000	£000
Cost or fair value			
At 1 January 2015	43	104	147
Additions	13	192	205
At 31 December 2015	56	296	352
Accumulated depreciation and impairment			
At 1 January 2015	42	72	114
Charge for the year	2	24	26
At 31 December 2015	44	96	140
Carrying amount			
At 31 December 2015	12	200	212
At 31 December 2014	1	32	33

11. Stocks

	2015 £000	2014 £000
Raw materials	118	120
Work in progress	42	80
Finished goods	252	700
	412	900

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £4,230,000 (2014: £3,587,000). The write-down of stocks to net realisable value amounted to £124,000 (2014: £97,000). The write-down and reversal are included in cost of sales.

12. Debtors

	2015 £000	2014 £000
Amounts falling due within one year:		
Trade debtors	1,461	1,546
Amounts owed by group undertakings	3,852	3,227
Prepayments and accrued income	63	62
Deferred tax asset	10	38
Other debtors	45	49
	5,431	4,922

13. Creditors

	2015 £000	2014 £000
Amounts falling due within one year:		
Trade creditors	131	49
Amounts owed to group undertakings	269	674
Taxation and social security	292	429
Current tax liability	136	282
Accruals and deferred income	932	1,503
Other creditors	201	144
	1,961	3,081

14. Provisions

	Product warranty £000
At 1 January 2015	158
Additional provision in the year	189
Utilised during the year	(178)
At 31 December 2015	169

Product warranty

Product warranty provisions reflect commitments made to customers on the sale of goods in the ordinary course of business and included within the company's standard terms and conditions. Warranty commitments typically apply for a 12-month period, but can extend to 36 months. These extended warranties are not significant.

15. Share capital

	2015	2014
	£000	£000
Allotted, called up and fully paid		
At 1 January 2015 and at 31 December 2015 (100,000 ordinary shares of £1 each)	100	100

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:

	2015	2014
	£000	£000
Royal Bank of Scotland	1,462	2,313

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.

PANalytical 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. Operating leases

Non-cancellable operating lease rentals are payable as follows:

Land and Buildings

	2015	2014
	£000	£000
Less than one year	176	160
Between one and five years	72	60
More than five years	18	75
	266	295

Other	2015	2014
	£000	£000
Less than one year	82	67
Between one and five years	59	34
More than five years	30	18
	171	119

18. Ultimate parent 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

19. Explanation of transition to FRS 101

As stated in note 1, these are the company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the company's date of transition).

In preparing its FRS 101 balance sheet, the company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliation of Equity

note	1 JANUARY 2014			31 DECEMBER 2014		
	UK GAAP	EFFECT OF TRANSITION TO FRS101	FRS 101	UK GAAP	EFFECT OF TRANSITION TO FRS101	FRS 101
Fixed assets						
Intangible assets i)	1,019	-	1,019	902	117	1,019
Tangible fixed assets	32	-	32	32	-	32
	<u>1,051</u>	<u>-</u>	<u>1,051</u>	<u>934</u>	<u>117</u>	<u>1,051</u>
Current assets						
Stocks	753	-	753	901	-	901
Debtors	3,068	-	3,068	4,884	-	4,884
Deferred tax assets i)	54	-	54	62	(24)	38
Cash at bank and in hand and short-term deposits	481	-	481	906	-	906
	<u>4,356</u>	<u>-</u>	<u>4,356</u>	<u>6,753</u>	<u>(24)</u>	<u>6,729</u>
Creditors: amounts falling due within one year						
Creditors	(1,868)	-	(1,868)	(3,081)	-	(3,081)
	<u>(1,868)</u>	<u>-</u>	<u>(1,868)</u>	<u>(3,081)</u>	<u>-</u>	<u>(3,081)</u>
Net current assets	<u>2,488</u>	<u>-</u>	<u>2,488</u>	<u>3,672</u>	<u>-</u>	<u>3,648</u>
Total assets less current liabilities	<u>3,539</u>	<u>-</u>	<u>3,539</u>	<u>4,606</u>	<u>93</u>	<u>4,699</u>
Provisions for liabilities						
Provisions	(111)	-	(111)	(158)	-	(158)
	<u>(111)</u>	<u>-</u>	<u>(111)</u>	<u>(158)</u>	<u>-</u>	<u>(158)</u>
Net assets	<u>3,428</u>	<u>-</u>	<u>3,428</u>	<u>4,448</u>	<u>93</u>	<u>4,541</u>
Capital and reserves						
Called up share capital	100	-	100	100	-	100
Profit and loss account	3,328	-	3,328	4,348	93	4,441
Shareholders funds	<u>3,428</u>	<u>-</u>	<u>3,428</u>	<u>4,448</u>	<u>93</u>	<u>4,541</u>

Reconciliation of profit for 2014

2014					
	note	£000	UK GAAP	EFFECT OF TRANSITION TO FRS101	FRS 101
Turnover			7,183	-	7,183
Cost of sales			(5,048)	-	(5,048)
Gross profit			2,135	-	2,135
Distribution costs			(50)	-	(50)
Administrative expenses	i)		(748)	117	(631)
Operating profit			1,337	117	1,454
Interest receivable and similar income			18	-	18
Interest payable and similar charges			(33)	-	(33)
Profit on ordinary activities before taxation			1,322	-	1,439
Tax on profit on ordinary activities			(302)	(24)	(326)
Profit for the financial year			1,020	93	1,113

Notes to the reconciliation

Note i:

Under UK GAAP goodwill was amortised over its 20 year useful life and charged to the profit and loss over this period. Under FRS 101 goodwill is considered to have an indefinite useful economic life and is reviewed annually for impairment. On transition, the company has recognised a transition adjustment for amortisation of £117,000 in 2014 and an associated deferred tax transition adjustment of £24,000.