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England and Wales

(Jurisdiction of incorporation or organization)

Spirent House
Crawley Business Quarter
Fleming Way, Crawley
West Sussex RH10 9QL
United Kingdom

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American Depositary Shares	New York Stock Exchange
Ordinary Shares*	New York Stock Exchange*

*Listed, not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None.

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 956,241,665 Ordinary shares of 3 1/3p.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

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You should rely only on the information contained in the Annual Report on Form 20-F for the year ended December 31, 2004 filed with the Commission as amended by this Amendment. We have not authorized anyone to provide you with information that is different. The information in this Amendment may only be accurate on the date of this Amendment.

EXPLANATORY NOTE

As disclosed in the Annual Report on Form 20-F for the fiscal year ended December 31, 2004, filed on May 18, 2005 (the "Original Filing"), Tyton Company of Japan, Limited ("Tyton"), which is a foreign business, was in the course of preparing its financial statements for its year ended March 31, 2005. As permitted under Regulation S-X 3-09(b)(2) the due date for filing stand-alone financial statements is September 30, 2005. Accordingly, under Rule 12b-15 of the United States Securities Exchange Act of 1934 (the "Exchange Act"), Spirent plc (the "Company", "we", "us" or "our") hereby amends its Original Filing (this "Amendment") to include the Tyton unaudited financial statements as of and for the year ended March 31, 2005, audited financial statements as of and for the year ended March 31, 2004 and unaudited financial statements for the year ended March 31, 2003.

In addition, and also in accordance with Rule 12b-15 under the Exchange Act, we amend the Company's Consolidated Financial Statements for the years ended December 31, 2004, 2003 and 2002 included in Item 18 in our Original Filing by:

presenting the Consolidated Profit and Loss Account without the line items, "Operating Exceptional Items", "Goodwill Amortization" and "Operating profit before goodwill amortization and exceptional items", which were included in the Original Filing; and

including a roll forward of stockholders' equity under generally accepted accounting principles in the United States ("US GAAP") for the year ended December 31, 2004 in Note 34 Differences between United Kingdom and United States Generally Accepted Accounting Principles.

This Amendment also amends Item 19. "Exhibits" to reflect the filing of new certifications by each of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, and the furnishing of a new certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 as well as new consents by our independent registered public accounting firms and independent auditors.

Other than items expressly set forth above, this Amendment does not, and does not purport to, amend, update or restate any other information in the Original Filing or reflect any events that have occurred after the date of the Original Filing.

ITEM 18. FINANCIAL STATEMENTS

The following audited financial statements, together with the related auditors' reports and financial statement schedule of Spirent are filed as part of this annual report:

Financial Statements

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ITEM 19. EXHIBITS

All exhibits except those marked * (which are exhibits to this Annual Report) were filed as exhibits to our Registration Statement on Form 20-F filed with the SEC on June 27, 2001 or our Annual Reports on Form 20-F for the years ended December 31, 2004, December 31, 2003, December 31, 2002 or December 31, 2001 filed with the SEC and are incorporated herein by reference.

Exhibit No.	Description
1.1*	Memorandum and Articles of Association of Spirent plc, as amended on May 4, 2005
2.1	Form of Deposit Agreement as amended and restated as of May 5, 2000, as further amended and restated as of March 23, 2001, as further amended and restated as of July 10, 2001, among Spirent plc, the Bank of New York as Depository and all Owners and holders from time to time of American Depository Receipts issued thereunder (incorporated by reference to Spirent plc's annual report on Form F 6, filed on June 27, 2001)
4.1*	Revolving Credit Facility, dated February 2, 2005, for a loan facility of £30 million between Spirent plc arranged by Commerzbank AG, HSBC Bank plc, Lloyds TSB Bank plc and The Royal Bank of Scotland plc
4.2	Revolving Credit Facility, dated February 4, 2004, for a loan facility of £30 million between Spirent plc arranged by Commerzbank AG, HSBC Bank plc, Lloyds TSB Bank plc and The Royal Bank of Scotland plc
4.3	Credit Facility Agreement, dated June 14, 1999, for loan facilities of £440 million for Bowthorpe plc arranged by Deutsche Bank AG London and HSBC Investment Bank plc
4.4	Supplemental Agreement, dated November 15, 2000, between Spirent plc and HSBC Investment Bank plc
4.5	Supplemental Agreement, dated March 6, 2002, between Spirent plc and HSBC Investment Bank plc as agent
4.6	Supplemental Agreement, dated March 11, 2003, between HSBC and Spirent plc
4.7	Amended and Restated Note Purchase Agreement, dated March 11, 2003, between US Noteholders and Spirent plc
4.8	Amendment and Consent Agreement, dated December 31, 2003, between US Noteholders and Spirent plc
4.9*	Second Amendment and Consent Agreement, dated August 13, 2004, between US Noteholders and Spirent plc
4.10*	Third Amendment, Consent and Waiver Agreement, dated March 1, 2005, between Noteholders and Spirent plc
4.11	Share Sale and Purchase Agreement, dated March 11, 2003, between Spirent GmbH, Hohorst Familien Holding (Minden) Beteiligungs GmbH and Hohorst Familien Holding (Schweiz) Beteiligungs GmbH
4.12	Share Sale and Purchase Agreement, dated March 11, 2003, between Spirent GmbH and Sven Michael Hohorst
4.13	Share Sale and Purchase Agreement, dated March 11, 2003, between Spirent BV, Hohorst Familien Holdings (Schweiz) Beteiligungs GmbH and Hohorst Familien Holding (Minden) Beteiligungs GmbH

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- 4.14 Share Sale and Purchase Agreement, dated March 11, 2003, between Spirent GmbH and Gesellschaft burgerlichen Rechts Wolfgang und Sven Michael Hohorst
- 8.1* List of subsidiaries of Spirent plc, their jurisdiction of incorporation and the names under which they do business
- 11.1 Ethics Policy
- 11.2 Ethics Policy for Senior Financial Officers
- 12.1* Certification of Chief Executive Officer of Spirent plc filed pursuant to Section 302 of the Sarbanes Oxley Act of 2002
- 12.2* Certification of Chief Financial Officer of Spirent plc filed pursuant to Section 302 of the Sarbanes Oxley Act of 2002
- 13.1* Certification of Chief Executive Officer and Chief Financial Officer of Spirent plc furnished pursuant to 18 United States Code §1350 as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
- 15.1 Consent of Ernst & Young LLP (included on page F-2)
- 15.2 Consent of Allrevision Dornhof Kloss und Partner GmbH (included on page F-103)
- 15.3 Consent of Ernst & Young ShinNihon (included on page F-124)

SPIRENT plc
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To:
The Board of Directors
Spirent plc

We have audited the accompanying consolidated balance sheets of Spirent plc at December 31, 2004 and 2003, and the related consolidated profit and loss accounts and statements of total recognized gains and losses, cash flows and movements in shareholders' funds for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in the Index at Item 18. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits. We did not audit the financial statements of WAGO-Kontakttechnik GmbH and WAGO Contact SA ("WAGO"), in which the Company had 51% interests and included within the consolidated profit before taxation of £0.3 million and consolidated loss before taxation of £1,023.4 million for the years ended December 31, 2003 and 2002, respectively, are combined profits before taxation of WAGO of £2.7 million and £6.7 million, respectively. Those financial statements, presented in accordance with accounting principles generally accepted in the United States, were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts utilized by the Company's management (before conversion to accounting principles generally accepted in the United Kingdom) so as to include WAGO in the consolidated financial statements of Spirent plc, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts (including the Company's conversion of the financial statements of WAGO to accounting principles generally accepted in the United Kingdom) and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Spirent plc at December 31, 2004 and 2003, and the consolidated results of its operations and its consolidated cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United Kingdom which differ in certain respects from those generally accepted in the United States (see Note 34 of Notes to the Consolidated Financial Statements). Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

London, England
February 24, 2005, except for
Note 34 Differences between United Kingdom and
United States Generally Accepted Accounting Principles,
as to which the date is
March 31, 2005

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-98607 and No. 333-127832) pertaining to the Spirent plc employee benefit plans listed on the facing sheets thereof of our report dated February 24, 2005, except for Note 34 Differences between United Kingdom and United States Generally Accepted Accounting Principles, as to which the date is March 31, 2005, with respect to the consolidated financial statements and schedule of Spirent plc included in Amendment No. 1 to the Annual Report (Form 20-F/A) for the year ended December 31, 2004.

ERNST & YOUNG LLP

London, England
September 9, 2005

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SPIRENT plc

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended December 31, 2004

	Notes	Before exceptional items	Exceptional items (Note 6)	Total
(£ millions, except per share amounts)				
Group Turnover	2,3	475.0		475.0
Cost of sales		(274.9)		(274.9)
Manufacturing Margin		200.1		200.1
Operating expenses	4	(166.4)	(2.9)	(169.3)
Operating Profit	2,3,5	33.7	(2.9)	30.8
Loss from interests in joint ventures		(0.7)		(0.7)
Income from interests in associates		2.8		2.8
Operating Profit of the Group, Joint Ventures and Associates		35.8	(2.9)	32.9
Non-operating Exceptional Items				
Loss on the disposal of operations	32		(0.9)	(0.9)
Profit before Interest		35.8	(3.8)	32.0
Net interest payable	9	(6.8)		(6.8)
Exceptional interest payable	9		(0.5)	(0.5)
Other finance expense	10	(0.7)		(0.7)
Profit before Taxation	2	28.3	(4.3)	24.0
Taxation	11	(7.7)		(7.7)
Profit after Taxation		20.6	(4.3)	16.3
Minority shareholders' interest equity				(0.3)
Profit Attributable to Shareholders(1)				16.0
Basic Earnings per Share	12			1.70p
Headline Earnings per Share(1)	12			2.99p
Diluted Earnings per Share	12			1.67p
(1) Headline earnings				
Basic profit attributable to shareholders			16.0	
Operating exceptional items:				
Other			2.9	
Goodwill amortization			9.1	
Exceptional item loss on disposal of operations			0.9	
Exceptional interest payable			0.5	
Prior year tax credit			(1.3)	
Headline earnings attributable to shareholders			28.1	

- (2) A summary of the significant adjustments to profit attributable to shareholders (net profit) that would be required if United States generally accepted accounting principles were applied instead of those generally accepted in the United Kingdom is set forth in Note 34 of Notes to the Financial Statements.
The Notes to the Financial Statements form part of these Financial Statements.

SPIRENT plc

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended December 31, 2003			
Notes	Before exceptional items	Exceptional items (Note 6)	Total
(£ millions, except per share amounts)			
Turnover: Group and share of joint venture	488.6		488.6
Less: share of joint venture's turnover	(22.4)		(22.4)
Group Turnover	466.2		466.2
Cost of sales	(279.8)		(279.8)
Manufacturing Margin	186.4		186.4
Operating expenses	(160.1)	(7.5)	(167.6)
Operating Profit	26.3	(7.5)	18.8
Income from interest in joint venture	2.7		2.7
Income from interests in associates	2.1		2.1
Operating Profit of the Group, Joint Venture and Associates	31.1	(7.5)	23.6
Non-operating Exceptional Items			
Profit on the disposal of operations		3.6	3.6
Profit before Interest	31.1	(3.9)	27.2
Net interest payable	(9.3)		(9.3)
Exceptional interest payable		(16.1)	(16.1)
Other finance expense	(1.5)		(1.5)
Profit before Taxation	20.3	(20.0)	0.3
Taxation	(2.3)	1.7	(0.6)
Loss after Taxation	18.0	(18.3)	(0.3)
Minority shareholders' interest equity			(0.2)
Loss Attributable to Shareholders(1)			(0.5)
Basic Loss per Share	12		(0.05)p
Headline Earnings per Share(1)	12		2.31 p
Diluted Loss per Share	12		(0.05)p
(1) Headline earnings			
Basic loss attributable to shareholders		(0.5)	
Operating exceptional items:			
Other		7.5	
Goodwill amortization		9.7	
Exceptional item profit on disposal of operations		(3.6)	
Exceptional interest payable		16.1	

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Prior year tax credit	(6.0)
Attributable taxation on exceptional items	(1.7)
	<hr/>
Headline earnings attributable to shareholders	21.5
	<hr/>

(2) A summary of the significant adjustments to loss attributable to shareholders (net loss) that would be required if United States generally accepted accounting principles were applied instead of those generally accepted in the United Kingdom is set forth in Note 34 of Notes to the Financial Statements.

The Notes to the Financial Statements form part of these Financial Statements.

SPIRENT plc

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended December 31, 2002			
Notes	Before exceptional items	Exceptional items (Note 6)	Total
(£ millions, except per share amounts)			
		634.5	634.5
		(75.6)	(75.6)
Group Turnover	2,3	558.9	558.9
Cost of sales		(336.4)	(340.8)
Manufacturing Margin		222.5	218.1
Operating expenses	4	(228.2)	(1,188.7)
Operating Loss	2,3,5	(5.7)	(970.6)
Income from interest in joint venture		7.4	7.4
Income from interests in associates		1.0	1.0
Amortization of goodwill on associate		(0.2)	(0.2)
Operating Loss of the Group, Joint Venture and Associates		2.5	(964.9)
Non-operating Exceptional Items			(962.4)
Loss on the disposal and closure of operations	32	(48.4)	(48.4)
Loss before Interest		2.5	(1,013.3)
Net interest payable	9	(12.3)	(12.3)
Other finance expense	10	(0.3)	(0.3)
Loss before Taxation	2	(10.1)	(1,013.3)
Taxation	11	(8.4)	(18.5)
Loss after Taxation		(18.5)	(1,031.8)
Minority shareholders' interest equity			(0.1)
Minority shareholders' interest joint venture			(0.3)
Loss Attributable to Shareholders(1)			(1,050.7)
Dividends:			
Interim 1.35 pence			(12.5)
Retained Loss			(1,063.2)
Basic Loss per Share	12		(113.90)p
Headline Earnings per Share(1)	12		3.36 p
Diluted Loss per Share	12		(113.90)p
(1) Headline earnings			
Basic loss attributable to shareholders			(1,050.7)

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Operating exceptional items:	
Other	41.6
Goodwill impairment	923.3
Goodwill amortization	56.1
Exceptional item loss on disposal and closure of operations	48.4
Prior year tax credit	(6.2)
Attributable taxation on exceptional items	(3.5)
Attributable taxation on the disposal of operations	3.0
Reversal of deferred tax assets	19.0
	<hr/>
Headline earnings attributable to shareholders	31.0
	<hr/>

(2) A summary of the significant adjustments to loss attributable to shareholders (net loss) that would be required if United States generally accepted accounting principles were applied instead of those generally accepted in the United Kingdom is set forth in Note 34 of Notes to the Financial Statements.

The Notes to the Financial Statements form part of these Financial Statements.

SPIRENT plc

CONSOLIDATED STATEMENT OF TOTAL RECOGNIZED GAINS AND LOSSES

	Year ended December 31		
	2004	2003	2002
	(£ millions)		
Profit/(Loss) Attributable to Shareholders	16.0	(0.5)	(1,050.7)
Gain on lapsed options	1.2	1.2	5.2
Exchange adjustment on subsidiaries, joint ventures and associates	(0.7)	6.1	(23.0)
UK current taxation on exchange adjustment			0.1
Overseas taxation on exchange adjustment		(0.2)	
Reinstatement/(reversal) of deferred tax asset on pension liability		12.6	(5.4)
Actuarial gain/(loss) recognized on pension schemes	3.0	0.3	(23.6)
Taxation on actuarial gain or loss	(0.9)	(0.1)	
Total Recognized Gains and Losses	18.6	19.4	(1,097.4)

The statement of comprehensive income/(loss) required under United States generally accepted accounting principles is set forth in Note 34 of Notes to the Financial Statements.

The Notes to the Financial Statements form part of these Financial Statements.

SPIRENT plc

CONSOLIDATED BALANCE SHEET

	Notes	At December 31	
		2004	2003
(£ millions)			
Fixed Assets			
Intangible assets	13	88.8	101.6
Tangible assets	14	86.3	90.2
Investments			
Investment in joint venture	16		0.3
Investment in associates	17	15.8	14.6
		15.8	14.9
		190.9	206.7
Current Assets			
Stocks	18	54.0	55.0
Debtors	19	89.9	86.9
Cash at bank and in hand	21	51.7	37.6
		195.6	179.5
Current Liabilities			
Creditors due within one year	22	(116.8)	(111.3)
Loans and overdrafts	23	(1.8)	(1.8)
		(118.6)	(113.1)
Net Current Assets		77.0	66.4
Assets less Current Liabilities		267.9	273.1
Long-term Liabilities			
Creditors due after more than one year	24	(80.2)	(95.6)
Provisions for Liabilities and Charges			
Deferred taxation		(1.9)	(2.3)
Other provisions		(13.8)	(17.9)
		(15.7)	(20.2)
Assets less Liabilities (excluding Pension Liability)		172.0	157.3
Pension Liability	10	(27.0)	(35.2)
Assets less Liabilities (including Pension Liability)		145.0	122.1
Capital and Reserves			
Called up share capital		31.9	31.5
Share premium account		1.3	697.5
Capital reserve		10.9	17.7
Capital redemption reserve			0.7

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	At December 31	
	<u> </u>	<u> </u>
Investment in own shares		(2.6)
Profit and loss account	99.6	(624.9)
	<u> </u>	<u> </u>
Shareholders' Funds Equity (1)	143.7	119.9
Minority Interests Equity	1.3	2.2
	<u> </u>	<u> </u>
	145.0	122.1
	<u> </u>	<u> </u>

(1) A summary of the significant adjustments to shareholders' funds that would be required if United States generally accepted accounting principles were applied instead of those generally accepted in the United Kingdom is set forth in Note 34 of Notes to the Financial Statements.

The Notes to the Financial Statements form part of these Financial Statements.

SPIRENT plc

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended December 31		
		2004	2003	2002
		(£ millions)		
Net Cash Inflow from Operating Activities	8	60.3	68.2	76.9
Dividends received from:				
Joint venture				0.2
Associates		0.1	0.1	0.1
Returns on investments and servicing of finance	20	(9.5)	(23.2)	(10.8)
Taxation	20	(3.1)	8.9	(4.2)
Capital expenditure and financial investment	20	(24.8)	(15.8)	(25.8)
Acquisitions and disposals	20	1.2	60.4	6.4
Equity dividends paid				(40.2)
Management of liquid resources	20		0.1	0.2
Financing	20	(9.5)	(143.6)	53.8
Net Cash Inflow/(Outflow)(1)		14.7	(44.9)	56.6

Reconciliation of net cash flow to movement in net debt

	Notes	Year ended December 31		
		2004	2003	2002
		(£ millions)		
Net Cash Inflow/(Outflow)		14.7	(44.9)	56.6
Cash outflow/(inflow) arising from the change in debt and lease financing		11.0	144.3	(51.4)
Cash inflow arising from the change in liquid resources			(0.1)	(0.2)
Movement arising from Cash Flows	21	25.7	99.3	5.0
Debt issue costs	21	0.3	(0.8)	
Loans and finance leases acquired with subsidiary	21,31			(0.2)
New finance leases	21	(0.3)	(0.3)	(0.2)
Exchange adjustment	21	5.4	6.1	12.7
Movement in Net Debt		31.1	104.3	17.3
Net debt at January 1	21	(57.5)	(161.8)	(179.1)
Net Debt at December 31	21	(26.4)	(57.5)	(161.8)

(1)

The significant differences between the cash flow statement presented above and that required under United States generally accepted accounting principles are described in Note 34 of Notes to the Financial Statements.

The Notes to the Financial Statements form part of these Financial Statements.

SPIRENT plc

CONSOLIDATED STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS

Share Capital

	Ordinary shares of 3 ¹ / ₃ pence each			
	Authorized		Issued and fully paid	
	(Number in millions)	(£ millions)	(Number in millions)	(£ millions)
At January 1, 2002	1,100.0	36.7	933.2	31.1
Increase in authorized share capital May 2, 2002(1)	150.0	5.0		
Share options exercised			3.5	0.1
Issued on acquisition of Caw Networks Inc.(2)			2.7	0.1
At December 31, 2002	1,250.0	41.7	939.4	31.3
Share options exercised			4.6	0.2
At December 31, 2003	1,250.0	41.7	944.0	31.5
Issued pursuant to acquisition of Caw Networks Inc.(3)			4.3	0.1
Share options exercised			7.9	0.3
At December 31, 2004	1,250.0	41.7	956.2	31.9

- (1) The authorized share capital was increased to £41,666,667 at the Annual General Meeting held on May 2, 2002 by the creation of a further 150,000,000 Ordinary shares.
- (2) 2,712,811 shares were issued, credited as fully paid, on August 15, 2002 in connection with the rollover of Caw Common Stock under a Caw employee stock plan into Spirent Ordinary shares.
- (3) 4,352,742 shares were issued, credited as fully paid, on March 31, 2004 relating to the deferred consideration pursuant to the acquisition agreement of Caw Networks Inc.
- (4) At the Annual General Meeting held on May 11, 2004, shareholders gave authority for the Company to purchase up to 47.4 million of its own Ordinary shares in the market subject to certain specified conditions. As at February 24, 2005, no purchases had been made or were contracted to be made under such authority.

The Notes to the Financial Statements form part of these Financial Statements.

Share Capital and Reserves

	Called up share capital	Share premium account(1)	Capital reserve(1)	Merger reserve(1)	Capital redemption reserve(1)	Profit and loss account	Investment in own shares(7)	Total
(£ millions)								
At January 1, 2002(2)(3)(4)	31.1	728.7	27.8	264.4	0.7	29.2	(34.1)	1,047.8
Exchange adjustment on subsidiaries, joint venture and associates						(23.0)		(23.0)
Taxation on exchange effect						0.1		0.1
Share issue	0.1	5.7	(4.3)					1.5
Share issue restricted stock(5)	0.1	1.8						1.9
Obligation to issue share capital, stock compensation			0.2					0.2
Obligation to issue share capital, acquisition expense			0.1					0.1
Shares transferred to/(from) ESOT			(1.0)				1.9	0.9
Write down of shares in ESOT						(30.1)	30.1	
Loss for the year						(1,063.2)		(1,063.2)
Goodwill on disposal of subsidiaries acquired before 1998						157.8		157.8
Lapsed acquisition related options			(5.2)			5.2		
Reclassified to merger reserve		(40.1)		40.1				
Actuarial loss recognized on pension schemes						(23.6)		(23.6)
Reversal of deferred tax asset on pension schemes						(5.4)		(5.4)
Transfer on disposal and impairment				(304.5)		304.5		
At December 31, 2002(2)(3)(4)	31.3	696.1	17.6		0.7	(648.5)	(2.1)	95.1

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At December 31, 2002(2)(3)(4)	31.3	696.1	17.6	0.7	(648.5)	(2.1)	95.1
Exchange adjustment on subsidiaries, joint venture and associates					6.1		6.1
Taxation on exchange effect					(0.2)		(0.2)
Share issue	0.2	1.4	(0.9)				0.7
Obligation to issue share capital, stock compensation			0.6				0.6
Obligation to issue share capital, acquisition expense(6)			2.7				2.7
Transfer of shares to ESOT			0.5			(0.5)	
Loss for the year					(0.5)		(0.5)
Goodwill on disposal of subsidiaries acquired before 1998					2.6		2.6
Lapsed acquisition related options			(1.2)		1.2		
Actuarial gain recognized on pension schemes					0.3		0.3
Taxation on actuarial gain					(0.1)		(0.1)
Reinstatement of deferred tax asset on pension liability					12.6		12.6
Transfer			(1.6)		1.6		
At December 31, 2003(2)(3)(4)	31.5	697.5	17.7	0.7	(624.9)	(2.6)	119.9
Exchange adjustment on subsidiaries, joint venture and associates					(0.7)		(0.7)
Share issue	0.3	3.3	(2.1)				1.5
Issue of new shares Caw Networks, Inc	0.1	3.2	(2.7)				0.6
Reversal of employee share scheme cost					0.2		0.2
Cancellation of share premium and capital redemption reserve(8)		(702.7)		(0.7)	703.4		
Profit for the year					16.0		16.0
Goodwill on disposal of subsidiaries acquired before 1998					4.9		4.9
Transfer of investment in own shares(9)					(2.6)	2.6	
Gain on lapsed options			(1.2)		1.2		
Actuarial gain recognized on pension schemes					3.0		3.0
Taxation on actuarial gain					(0.9)		(0.9)
Other movements			(0.8)				(0.8)
At December 31, 2004(2)(3)(4)	31.9	1.3	10.9		99.6		143.7

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- (1) The share premium account, capital reserve, capital redemption reserve and merger reserve are not distributable.
- (2) The cumulative amount of goodwill charged to reserves since 1977, net of goodwill relating to subsidiaries disposed of, at December 31, 2004 is £36.4 million (2003 £41.3 million; 2002 £43.9 million).
- (3) The Company's profit and loss account at December 31, 2004 of £114.0 million surplus (2003 £583.5 million deficit; 2002 £566.7 million deficit) includes non distributable reserves of £51.1 million (2003 £51.1 million; 2002 £51.1 million) and a special non-distributable reserve of £61.6 million (2003 and 2002 nil).
- (4) Cumulative exchange translation adjustments included in the profit and loss account balance at December 31, 2004 are a loss of £21.4 million (2003 £20.7 million; 2002 £26.8 million).
- (5) Consideration for the acquisition of Caw Networks, Inc. on August 15, 2002 was settled by the issue of 2,712,811 Ordinary shares credited as fully paid, in the Company. The market price per share at the date of completion was 70 pence.
- (6) An obligation to issue Ordinary shares arises on the acquisition of Caw Networks, Inc. The amount of the consideration due is \$10.0 million which the Company has elected to satisfy by the issue of new Ordinary shares.
- (7) The investment in own shares relates to 3.5 million Ordinary shares (2003 3.5 million; 2002 3.5 million) held by the Spirent Sharesave Trust Limited (SST) (formerly the Spirent Qualifying Employee Share Ownership Trust ("QUEST")) and 9.5 million Ordinary shares (2003 9.5 million; 2002 9.1 million) held by the Employee Share Ownership Trust ("ESOT"). Shares held by the SST will be used to satisfy options under the Company's Savings Related Share Option Scheme. Shares in the ESOT are primarily held to hedge awards under various discretionary employee share schemes.
- The market value of own shares held in trust at December 31, 2004 was £9.6 million (2003 £7.6 million).
- (8) On November 24, 2004 Spirent plc was granted an order of the High Court for the approval of the cancellation of the share premium account and capital redemption reserve (the "Cancellation") which stood at that date at £702.7 million and £0.7 million, respectively. The Cancellation created a reserve in the accounts of the Company which was applied to eliminate the deficit in distributable reserves. The balance of this reserve created after the deficit in distributable reserves had been eliminated was transferred to a special non-distributable reserve. The special non-distributable reserve, which at December 31, 2004 stood at £61.6 million, will be increased in future years to the extent that the Company subsequently realises any value from its assets in excess of the value at which those assets were recorded in the Company's accounts at the time of the Cancellation.
- The special non-distributable reserve will have a maximum value equal to the aggregate of the share premium account and capital redemption reserve at the time of the Cancellation, being £703.4 million. The special non-distributable reserve will be used to eliminate deficits arising in future years and is only capable of being distributed to the shareholders of the Company once all the creditors of the Company which existed at the date of the Cancellation have consented to the cancellation or been satisfied in full.
- (9) The investment in own shares has been deducted from the profit and loss account at December 31, 2004.

The Notes to the Financial Statements form part of these Financial Statements.