

**Oxford Instruments Overseas Marketing Limited**

**Directors' report and financial statements**

**Registered number 02418844**

**31 March 2020**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2020.

### Company information

Oxford Instruments Overseas Marketing Limited ("the Company") is a company limited by shares, incorporated in England and Wales. Its registered office is Tubney Woods, Abingdon, Oxon, OX13 5QX, England.

### Principal activity

The principal activity of the Company is the supply of overseas marketing and administration services to Oxford Instruments plc and its subsidiaries. The Company has offices in Taiwan and Russia. During the prior year, the Company's business activities in the Czech Republic were transferred to another member of the Oxford Instruments Group. No further changes in the Company's activities are expected in the foreseeable future.

### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 50 to 54 of the Group's Annual Report and Financial Statements, which does not form part of this report.

### Covid-19

The directors have considered the impact of uncertainties due to Covid-19. The table below summarises the actions taken by the Group, which include those of the Company, to mitigate the effects:

<b>Context:</b> Covid-19 has caused global disruption and there is considerable uncertainty relating to the short-term impact on customers, markets and operations. In the short term, the Group is taking pragmatic steps to maintain liquidity and capability so that it is best placed to respond to the new paradigm. The Group will continue with the customer-centric approach that is a key pillar of the Horizon strategy to focus on growth markets.			
<b>Risk factor/uncertainty</b>	<b>Possible impact</b>	<b>Management actions</b>	<b>Mitigation</b>
<ul style="list-style-type: none"> <li>Fall in demand due to reduced funding for academic customers in key markets/deferral of capex for industrial customers</li> <li>Short-term supply chain disruption</li> <li>Workforce disruption in production</li> <li>Ongoing travel restrictions for service personnel</li> </ul>	<ul style="list-style-type: none"> <li>Short-term reduction in sales volumes and contribution</li> <li>Potentially unable to meet delivery deadlines/reduction in capacity</li> <li>Installations and onsite service activities disrupted</li> <li>Negative cash flow/liquidity risk</li> </ul>	<ul style="list-style-type: none"> <li>Customer intimacy</li> <li>Working closely with key supplier base</li> <li>Safe ways of working and changes to shift patterns to maximise capacity</li> <li>Remote service activities</li> <li>Iterative financing review and review of cost base</li> </ul>	<ul style="list-style-type: none"> <li>Sales and operational planning process</li> <li>Contractual protection</li> <li>Strategic procurement, working with supply chain to mitigate risk.</li> <li>Strong balance sheet and options for external funding</li> </ul>

## Directors' report (continued)

### Brexit

The transition period to leave the EU ended on 31 December 2020 resulting in a free trade agreement between the UK and the EU. Actions were taken by the Group, which include those of the Company, to mitigate the effects and have been summarised below:

Risk	Possible impact	Control mechanisms	Mitigation
<ul style="list-style-type: none"> <li>Supply chain disruption</li> <li>Lower participation in EU-funded research projects</li> <li>End to free movement of goods and services in the EU</li> <li>Tariffs on exports to EU countries from the UK and vice versa</li> <li>UK becomes less attractive to EU nationals</li> <li>Volatility in foreign currency rates</li> <li>Non-tariff barriers to trade</li> </ul>	<ul style="list-style-type: none"> <li>Delays to production and revenue generation</li> <li>Lower sales and profitability</li> <li>Lower net pricing on UK exports to EU and cost increases on products sourced from the EU</li> <li>Loss of key skills</li> <li>Volatility in earnings</li> <li>Disruption at the border and additional overheads</li> </ul>	<ul style="list-style-type: none"> <li>Sales and operational planning process</li> <li>Customer intimacy and monitoring of funded projects</li> <li>Strategic sourcing programme</li> <li>Product pricing reviews</li> <li>Skills and capabilities reviews</li> <li>Treasury management</li> <li>International trade compliance review</li> </ul>	<ul style="list-style-type: none"> <li>Existing stock of raw materials and work in progress</li> <li>Market diversification</li> <li>Long-term pricing agreements for key suppliers and strategic sourcing</li> <li>Pricing strategy</li> <li>Renewal of UK work permit scheme</li> <li>Review of contractual relationships with customers and intermediaries</li> <li>Existing export process and procedures for non-EU countries</li> </ul>

### Dividend

The directors do not recommend the payment of a dividend (2019: no dividend). The profit for the year of £194,000 (2019: £93,000) has been transferred to reserves.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

I R Barkshire  
G F Hill

### Donations

There were no political donations (2019: £nil) and the Company did not incur any political expenditure (2019: £nil)

### Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The principal activity of the company is the supply of overseas marketing and administration and its primary income stream arises from recharging Oxford Instruments plc and its subsidiaries for these services. The company participates in the Group's centralised treasury arrangements and so, where appropriate, shares banking arrangements with its parent and fellow subsidiaries. The company is dependent for its working capital on funds provided to it by Oxford Instruments Plc, its ultimate parent. The directors have assessed that the company will have sufficient funds, through funding from its ultimate parent, Oxford Instruments Plc, to meet its liabilities as they fall due for at least 12 months from the date of approving the financial statements.

This assessment is dependent on Oxford Instrument's Plc providing additional financial support as needed during that period. Oxford Instruments Plc has indicated its intention to continue to make available such funds as are needed by the company for at least 12 months from the date of signing the financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Directors' report** *(continued)*

**Directors' Responsibilities statement**

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), 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

**Disclosure of information to auditor**

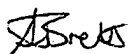
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

Following a rigorous selection process by the Audit Committee of Oxford Instruments plc, BDO LLP was selected as the Group's external auditor for the financial year commencing 1 April 2020. Consequently, KPMG LLP will remain as auditors of the Company until the formal resignation process has been completed later in 2021, after which BDO LLP will be appointed as auditors of the Company.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office, until the formal resignation process has been completed.

By order of the board



Susan Johnson-Brett  
Secretary

Tubney Woods  
Abingdon  
Oxon  
OX13 5QX

19 March 2021

## **Independent auditor's report to the members of Oxford Instruments Overseas Marketing Limited**

### **Opinion**

We have audited the financial statements of Oxford Instruments Overseas Marketing Limited ("the company") for the year ended 31 March 2020 which comprise the Profit and Loss Account and Statement of Total Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report been prepared in accordance with the Companies Act 2006.

## **Independent auditor's report to the members of Oxford Instruments Overseas Marketing Limited (continued)**

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**John Hughes (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

19 March 2021

**Profit and loss account and statement of total comprehensive income**  
**For the year ended 31 March 2020**

	Notes	2020 £000	2019 £000
Distribution costs		(849)	(687)
Administrative expenses		(857)	(1,287)
<b>Operating loss</b>		<b>(1,706)</b>	<b>(1,974)</b>
Other income	2	2,102	2,063
Profit on disposal of business	6	-	45
Interest receivable	7	1	-
Interest payable	8	(10)	(15)
<b>Profit before tax</b>	3	<b>387</b>	<b>119</b>
Tax on profit	9	(193)	(26)
<b>Profit for the financial year, being total comprehensive income</b>		<b>194</b>	<b>93</b>

The profit on disposal of subsidiary relates to discontinued operations. All other figures relate to continuing operations.

There is no difference between the reported results and the total comprehensive income in either the current or preceding financial year.

The accompanying notes form an integral part of these financial statements.



**Balance sheet**  
**As at 31 March 2020**

	Notes	£000	2020 £000	£000	2019 £000
<b>Fixed assets</b>					
Tangible fixed assets	10		21		17
Right of use assets	16		32		53
Deferred tax assets	12		5		3
			58		73
<b>Current assets</b>					
Debtors	11	2,123		2,115	
Cash at bank and in hand		26		12	
		2,149		2,127	
<b>Creditors: amounts falling due within one year</b>	13	(1,119)		(1,410)	
<b>Net current assets</b>			1,030		717
<b>Total assets less current liabilities</b>			1,088		790
Lease payables	16		(17)		(32)
Provision for liabilities	14		(581)		(462)
<b>Net assets</b>			490		296
<b>Capital and reserves</b>					
Called up share capital	15		35		35
Profit and loss account			455		261
<b>Shareholder's funds – equity</b>			490		296

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the board of directors on 19 March 2021 and were signed on its behalf by:



G F Hill  
 Director

**Statement of changes in equity**  
**For the year ended 31 March 2020**

	Share capital £000	Profit and loss account £000	Total £000
<b>Balance at 1 April 2018</b>	35	168	203
<b>Total comprehensive income:</b>			
Profit for the year	-	93	93
<b>Balance at 31 March 2019 and 1 April 2019</b>	35	261	296
<b>Total comprehensive income:</b>			
Profit for the year	-	194	194
<b>Balance at 31 March 2020</b>	35	455	490

The accompanying notes form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Oxford Instruments Overseas Marketing Limited ("the Company") is a company incorporated and domiciled in the UK.

The following principal 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***

These financial statements were prepared in accordance with Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101").

The financial statements are presented in Sterling and rounded to the nearest £1,000.

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"), making 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.

The Company's ultimate parent undertaking, Oxford Instruments plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Oxford Instruments plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). They are available to the public and may be obtained from Oxford Instruments plc's head office at Tubney Woods, Abingdon, Oxon, OX13 5QX, England.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Related party transactions between wholly owned group members; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Oxford Instruments plc 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 IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

#### ***Significant judgements and estimates***

The preparation of financial statements in conformity with FRS 101 requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant judgements and estimates made in applying the Company accounting policies relate to:

#### ***Carrying value of amounts owed by group undertakings***

Amounts owed by group undertakings are held at amortised cost and are tested for impairment where there are indications of impairment. These impairment tests require the Company to make an estimate of the expected cash flows and to select suitable discount rates. These require an estimation of the value in use of these assets.

#### ***Provision for uncertain overseas tax positions***

The provision relates to uncertain tax positions in respect of the Company's overseas operating activities. It is possible that if the outcome is different to that estimated by management there could be a material effect on the financial statements in the next 12 months.

**Notes (continued)**

**1 Accounting policies (continued)**

**Measurement convention**

The financial statements are prepared on the historical cost basis.

**Going concern**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The principal activity of the company is the supply of overseas marketing and administration and its primary income stream arises from recharging Oxford Instruments plc and its subsidiaries for these services. The company participates in the Group's centralised treasury arrangements and so, where appropriate, shares banking arrangements with its parent and fellow subsidiaries. The company is dependent for its working capital on funds provided to it by Oxford Instruments Plc, its ultimate parent. The directors have assessed that the company will have sufficient funds, through funding from its ultimate parent, Oxford Instruments Plc, to meet its liabilities as they fall due for at least 12 months from the date of approving the financial statements.

This assessment is dependent on Oxford Instrument's Plc providing additional financial support as needed during that period. Oxford Instruments Plc has indicated its intention to continue to make available such funds as are needed by the company for at least 12 months from the date of signing the financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Other income**

Other income relates to recharges to other UK subsidiaries owned by Oxford Instruments plc for marketing services. It is recognised and accrued during the period in which the charge was incurred.

**Interest payable**

Interest payable is recognised in profit and loss as it accrues.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at 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 temporary difference can be utilised.

**Notes (continued)**

**1 Accounting policies (continued)**

**Leases**

**Leases under which the Company acts as lessee**

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

**Short-term leases and leases of low-value assets**

The Company has elected not to recognise right of use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Leases under which the Company acts as lessor**

There were no leases under which the Company acted as lessor in either the current or preceding periods.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings:	2% per annum
Plant and equipment:	10-20% per annum
Computer equipment:	25% per annum
Motor vehicles:	25% per annum
Fixtures and fittings:	10% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

**Notes (continued)**

**1 Accounting policies (continued)**

**Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other debtors and trade and other creditors.

**Trade and other debtors**

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

**Trade and other creditors**

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

**Impairment of financial assets (including trade and other debtors)**

The Company assesses at each Balance Sheet reporting date whether there is any objective evidence that a financial asset, or group of financial assets, is impaired. A financial asset, or group of financial assets, is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

**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, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

**Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

**New accounting standards**

No new accounting standards have been adopted during the year.

**2 Other income**

Other income totalling £2,102,000 (2019: £2,063,000) relates to recharges to other UK subsidiaries owned by Oxford Instruments plc for marketing services.

**3 Profit before tax**

Profit before tax is stated after charging:

	2020 £000	2019 £000
Hire of other assets	6	12
Depreciation of right of use assets	21	42
Depreciation of fixed assets	3	2

Auditor's remuneration is borne by the ultimate parent company, Oxford Instruments plc. The amount of auditor's remuneration relating directly to the Company amounted to £3,200 (2019: £3,000).

**Notes (continued)**

**4 Remuneration of directors**

The directors' remuneration in respect of qualifying services in the current and prior year was inconsequential. The aggregate emoluments of the directors are borne by other entities within the Oxford Instruments plc group, being Oxford Instruments plc, the ultimate holding company.

**5 Staff numbers and costs**

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Sales and marketing	11	14
Service administration	8	8
	19	22

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	1,150	1,303
Social security costs	139	177
	1,289	1,480

**6 Disposal of business**

On 31 March 2019, the Company's business activities in the Czech Republic were transferred to another member of the Oxford Instruments Group. The Company received £50,000 consideration. The £45,000 profit recognised during the prior year represents the difference between the consideration received and cash balances transferred.

**7 Interest receivable**

	2020	2019
	£000	£000
External interest receivable	1	-

**8 Interest payable**

	2020	2019
	£000	£000
Interest payable to group undertakings	10	14
Interest payable on lease liabilities	-	1
	10	15

**Notes (continued)**

**9 Taxation**

	£000	2020 £000	£000	2019 £000
<i>Current tax</i>				
Current tax on income for the period	81		22	
Adjustments in respect of prior periods	114		-	
<b>Total current tax</b>		<b>195</b>		<b>22</b>
<i>Deferred tax (see note 12)</i>				
Origination and reversal of timing differences	1		2	
Adjustments in respect of earlier periods	(3)		2	
<b>Total deferred tax</b>		<b>(2)</b>		<b>4</b>
<b>Tax on profit on ordinary activities</b>		<b>193</b>		<b>26</b>

**Factors affecting the current tax charge for the period**

The current tax charge is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	387	119
Current tax at 19% (2019: 19%)	74	23
Effects of:		
Expenditure not deductible for tax purposes	8	1
Adjustments in respect of earlier periods	111	2
<b>Total tax charge</b>	<b>193</b>	<b>26</b>

**Factors that may affect future, current and total tax charges**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. However, in the Budget on 11 March 2020, it was announced that this reduction would be reversed, which was substantively enacted on 17 March 2020. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £2,000.



**Notes (continued)**

**10 Tangible fixed assets**

	Plant and machinery £000	Fixtures & fittings £000	Total £000
<b>Cost</b>			
At 1 April 2019	16	20	36
Additions	7	-	7
<b>Balance at 31 March 2020</b>	<b>23</b>	<b>20</b>	<b>43</b>
<b>Depreciation</b>			
At 1 April 2019	14	5	19
Depreciation charge for the year	1	2	3
<b>Balance at 31 March 2020</b>	<b>15</b>	<b>7</b>	<b>22</b>
<b>Net book value</b>			
At 1 April 2019	2	15	17
<b>At 31 March 2020</b>	<b>8</b>	<b>13</b>	<b>21</b>

**11 Debtors**

	2019 £000	2019 £000
Amounts owed by group undertakings	2,102	2,114
Prepayments and accrued income	2	1
Other debtors	19	-
	<b>2,123</b>	<b>2,115</b>

All amounts owed by group undertakings are repayable on demand and do not attract interest.

**12 Deferred tax**

	2020 £000	2019 £000
<b>Deferred tax asset</b>		
At beginning of the year	3	7
Recognised in income	2	(4)
<b>At end of the year</b>	<b>5</b>	<b>3</b>

The deferred tax asset comprises the following elements:

	2020 Recognised £000	2020 Unrecognised £000	2019 Recognised £000	2019 Unrecognised £000
Excess of depreciation over corresponding capital allowances	5	-	3	-
<b>At end of the year</b>	<b>5</b>	<b>-</b>	<b>3</b>	<b>-</b>

Deferred tax assets have been recognised in respect of these items as it is probable that future taxable profits will be available against which the Company can utilise the benefits therefrom.

**Notes (continued)**

**13 Creditors: amounts falling due within one year**

	2019 £000	2019 £000
Bank overdraft	1,006	1,342
Lease payables	16	21
Corporation tax liability	97	47
	<b>1,119</b>	<b>1,410</b>

Bank overdrafts form part of a notional pooling arrangement between the Company, its ultimate parent and certain fellow subsidiaries. In accordance with the terms of the notional pool arrangement, payment of overdraft interest is made by the ultimate parent to the bank. The Company pays to or receives from the ultimate parent notional interest in respect of the pooling cost or benefit.

**14 Provisions**

	Other Provisions £000
Balance at 1 April 2019	462
Provisions made in the year	119
<b>Balance at 31 March 2020</b>	<b>581</b>

The provision relates to uncertain tax positions in respect of the Company's overseas operating activities. It is possible that if the outcome is different to that estimated by management there could be a material effect on the financial statements in the next 12 months.

**15 Called up share capital**

	2020 £000	2019 £000
<b>Allotted, called up and fully paid</b>		
35,000 ordinary £1 shares	<b>35</b>	<b>35</b>

**Notes (continued)**

**16 Leases**

**Leases under which the Company acts as lessee**

The Company leases assets including vehicles and machinery. Information about leases for which the Company is a lessee is presented below.

**Right of use assets**

	Property leases £000
<b>Cost</b>	
Balance at 1 April 2019 and 31 March 2020	76
<b>Depreciation and impairment</b>	
Balance at 1 April 2019	23
Depreciation charge for the year	21
Balance at 31 March 2020	44
<b>Net book value</b>	
At 1 April 2019	53
At 31 March 2020	32

**Lease liabilities**

	Total £000
Balance at 1 April 2019	53
Payments made	(21)
Interest charge	1
Balance at 31 March 2020	33
Amounts falling due after more than one year	17
Amounts falling due before one year	16

The maturity analysis of contractual discounted cash flows relating to lease liabilities is presented below:

	2020 £000	2019 £000
Less than one year	16	24
Between one and five years	17	33
	33	57

**Amounts recognised in profit or loss**

	2020 £000	2019 £000
Interest on lease liabilities	1	1
Expenses on short term leases not capitalised	6	12
Expenses on low value asset leases not capitalised	-	-
Income from sub-letting right of use assets	-	-

**Notes** *(continued)*

**17 Ultimate parent company**

The Company's ultimate parent company is Oxford Instruments plc, a company registered in England and Wales. This is the only company in the group that prepares consolidated financial statements. These are available to the public and may be obtained from Oxford Instruments plc's head office at Tubney Woods, Abingdon, Oxon, OX13 5QX, England.

The immediate parent company is Oxford Instruments Overseas Holdings Limited, registered at Tubney Woods, Abingdon, Oxon, OX13 5QX.

**18 Subsequent events**

The impacts of covid-19 on the company are being monitored closely as the situation evolves. The pandemic is having and will continue to have an impact across the business. At the Group level cash flow conversion has continued to remain strong during and subsequent to the reporting year and cash balances are at a healthy level. Whilst Group revenue since the outbreak of covid-19 has been adversely impacted, adjusted operating margin has improved. Overall, the Group is well positioned to continue despite the uncertainty from covid-19.