Oxford Instruments Industrial Products Holdings Limited

Annual report and financial statements

Registered number 04068014

31 March 2020

Contents

Company number 04068014

Strategic report

The Directors present their Strategic Report of Oxford Instruments Industrial Products Holdings Limited ("the Company") for the year ended 31 March 2020.

Principal activity and business review

The Company acts as an intermediary holding company within the Oxford Instruments plc ("OI plc") group structure. Oxford Instruments plc is a leading manufacturer of high technology tools and systems for research and industry.

The financial performance and position of the Company are in line with the directors' expectations. The balance sheet at 31 March 2020 shows net assets of £5,353,000 (2019: £5,353,000).

For the year ended 31 March 2020 the Company reported a result before tax of £nil (2019: £nil).

Principal risks and uncertainties

The principal risks and uncertainties facing the business 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 as below:

Specific uncertainty 1: Impact of covid-19
Context: 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.

Risk factor/uncertainty	Possible impact	Management actions	Mitigation
• Fall in demand due to reduced funding for academic customers in key markets/deferral of capex for industrial customers • Short-term supply chain disruption • Workforce disruption in production • Ongoing travel restrictions for service personnel	• Short-term reduction in sales volumes and contribution • Potentially unable to meet delivery deadlines/reduction in capacity • Installations and onsite service activities disrupted • Negative cash flow/liquidity risk	• Customer intimacy • Working closely with key supplier base • Safe ways of working and changes to shift patterns to maximise capacity • Remote service activities • Iterative financing review and review of cost base	• Sales and operational planning process • Contractual protection • Strategic procurement, working with supply chain to mitigate risk. • Strong balance sheet and options for external funding

Specific risk 1: Routes to market
Context: In some instances, the Company's products are components of higher-level systems sold by OEMs, and thus the Company does not control its route to market.

Risk	Possible impact	Control mechanisms	Mitigation
• Vertical integration by OEMs	• Loss of key customers/routes to market • Reduction in sales volumes and/or pricing and lower profitability	• Customer intimacy to match product performance to customer needs • Positioning of the Oxford Instruments brand and marketing directly to end users	• Strategic relationships with OEMs to sell performance of combined systems • Product differentiation to promote advantages of Oxford Instruments' equipment and solutions • Direct marketing to end users

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Specific risk 2: Technical risk

Context: The Company provides high technology equipment, systems and services to its customers.

Risk	Possible impact	Control mechanisms	Mitigation
• Failure of the advanced technologies applied by the Group to produce commercially viable products	• Loss of market share or negative pricing pressure resulting in lower turnover and reduced profitability • Additional NPI expenditure • Adverse impact on the Group's brand and reputation	• "Voice of the Customer" approach and market intimacy to direct product development activities • Formal NPI processes to prioritise investment and to manage R&D expenditure • Product lifecycle management	• Understanding customer needs/expectations and targeted new product development programme to maintain and strengthen product positioning • Stage gate process in product development to challenge commercial business case and mitigate technical risks • Operational practices around sales-production matching and inventory management to mitigate stock obsolescence risks

Specific risk 3: Supply Chain risk

Context: The Company operates a strategic "make or buy" policy which places reliance on key partners, notably single-source suppliers, in terms of pricing and on-time delivery.

Risk	Possible impact	Control mechanisms	Mitigation
• Operational disruption, due to supply chain shortages • Change of ownership resulting in loss of supply • Long-term availability of key components	• Reduction or halt to production output • Lost revenue • Decreased margins • Increased lead times • Poor customer service • Increased inventory leading to cash flow reduction • Negative impact on quality	• Group consolidated risk database + sales and operational planning process • Proactive management of key suppliers • Focused efforts on higher risk suppliers identified • Long-term contracts with key suppliers	• Long-term demand planning • Buffer stock in extended supply chain • Relationship management with key suppliers • Responsive and adaptive engineering change process

Specific risk 4: Political risk

Context: The Company operates in global markets and can be required to secure export licences from Governments.

Risk	Possible impact	Control mechanisms	Mitigation
• Changes in the geopolitical landscape or a global trade war resulting in a complete embargo on trade with specific nations, barriers to trade with individual customers, or significant increases in tariffs	• Lower export volumes or net pricing to key markets adversely affecting turnover • Increases to input costs and lower gross margins • Limitations on ability to provide after-sales service to existing customers	• Contract review and protection against breach should export licences be withheld	• Broad global customer base; contractual protection

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Specific risk 5: Brexit-related risks **Context**: The transition period to leave the EU ended on 31 December 2020 resulting in a free trade agreement between the UK and the EU.			
Risk	**Possible impact**	**Control mechanisms**	**Mitigation**
• Supply chain disruption • Lower participation in EU-funded research projects • End to free movement of goods and services in the EU • Tariffs on exports to EU countries from the UK and vice versa • UK becomes less attractive to EU nationals • Volatility in foreign currency rates • Non-tariff barriers to trade	• Delays to production and revenue generation • Lower sales and profitability • Lower net pricing on UK exports to EU and cost increases on products sourced from the EU • Loss of key skills • Volatility in earnings • Disruption at the border and additional overheads	• Sales and operational planning process • Customer intimacy and monitoring of funded projects • Strategic sourcing programme • Product pricing reviews • Skills and capabilities reviews • Treasury management • International trade compliance review	• Existing stock of raw materials and work in progress • Market diversification • Long-term pricing agreements for key suppliers and strategic sourcing • Pricing strategy • Renewal of UK work permit scheme • Review of contractual relationships with customers and intermediaries • Existing export process and procedures for non-EU countries

Specific risk 6: IT risk **Context**: Elements of production, financial and other systems rely on IT availability.			
Risk	**Possible impact**	**Control mechanisms**	**Mitigation**
• Cyber-attack on the Group's IT infrastructure • Ransomware/spread of viruses or malware • Insider threat	• System failure/data loss and disruption to business as usual operations • Loss of business-critical data • Financial and reputational damage	• Suite of IT protection mechanisms including penetration testing, regular backups, virtual machines, and cyber reviews • Internal IT governance to maintain protection systems and our incident response • Employee awareness training	• Managed service with third-party security specialists providing incident monitoring • Regular review, monitoring and testing of key security measures to assess adequacy of protection against known threats • End user education and phishing simulation exercises

Specific risk 7: Legal/compliance risk **Context**: The Company operates in a complex regulatory and technological environment. The Company may at times experience unintentional non-conformance with regulations and competitors may seek to protect their position through intellectual property rights.			
Risk	**Possible impact**	**Control mechanisms**	**Mitigation**
• Infringement of a third party's intellectual property • Regulatory breach	• Potential loss of future revenue • Future royalty payments • Payment of damages • Fines and non-financial sanctions such as restrictions on trade, disbarment from public procurement contracts • Reputational damage	• Formal 'Freedom to Operate' assessment to identify potential IP issues during product development • Internal control framework including policies, procedures and training in risk areas such as bribery and corruption, sanctions and export controls	• Confirmation of 'Freedom to Operate' during new product development stage gate process • Compliance monitoring programmes

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Risk	Possible impact	Control mechanisms	Mitigation
Specific risk 8: Adverse movements in long-term foreign currency rates **Context**: A high proportion of the Company's revenue is in foreign currencies, notably US dollars, while the cost base is predominantly denominated in sterling.			
• Long-term strengthening of Sterling against key currencies such as the US Dollar, Japanese Yen and the Euro	• Reduced profitability	• Short-term exposure is managed by hedging programme • Procurement "make or buy" strategy • Treasury management	• Strategic procurement in US Dollars, Euros and Yen • Active review of exposure in key currencies
Specific risk 9: People **Context**: A number of the Company's employees have business-critical skills.			
• Key employees leave and effective replacements are not recruited on a timely basis	• Adverse impact on NPI • Operational disruption • Lower sales and profitability	• HR people strategy for retention and recruitment of staff with key skills	• Succession management plans • Technical career paths • UK work permit scheme to facilitate employment of non-UK nationals in place
Specific risk 10: Operational risk **Context**: The Company's production facilities are typically located at a single site.			
• Sustained disruption to production arising from a major incident at a site	• Inability to fulfil orders in the short term, resulting in a reduction in sales and profitability • Additional, non-recurring overhead costs	• Business Continuity Plans (BCPs) exist for all manufacturing sites • Contractual clauses to limit financial consequences of delayed delivery	• Detailed response in plans in BCPs can reduce downtime arising from incidents and facilitate the restoration or relocation of production • Standard sales contacts include clauses for limitation of liability, liquidated damages and the exclusion of consequential losses • Business interruption insurance
Specific risk 11: Pensions **Context**: The actuarial pension deficit is sensitive to changes in actuarial assumptions.			
• The actuarial pension deficit is sensitive to movements in actuarial assumptions and returns on investments	• Reduction in net cash as additional Group contributions become payable to fund the deficit • Increase in the annual levy paid to the Pension Protection Fund	• Ongoing review of investment strategy, including active control of risk, by the Trustee's investment sub-committee • Liability hedging programme to mitigate exposure to movements in interest rates and inflation	• The Group closed its UK defined benefit pension scheme to future accrual in 2010 • The Group has a funding plan in place to eliminate the pension deficit over the short to medium term

Strategic report *(continued)*

Future prospects

No significant changes or developments in the company's business are anticipated in the foreseeable future.

By order of the board

Susan Johnson-Brett
Secretary

Tubney Woods
Abingdon
Oxon
OX13 5QX

19 March 2021

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2020. The business review on page 1 forms part of this Directors' report.

Company information

Oxford Instruments Industrial Products Holdings Limited is a company limited by shares, incorporated in England and Wales. Its registered office is Tubney Woods, Abingdon, Oxon, OX13 5QX, England.

Dividend

The directors do not recommend the payment of a dividend (2019: no dividend).

Directors and directors' interests

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
T Curtis (Resigned 14 August 2020)
G F Hill
J P Turner (Appointed 14 August 2020)

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 only activity of the company is the holding of investments and intragroup loans and as such it has minimal expenditure which can be reliably forecast and no other commitments. As a holding company, the company does not undertake in trading activity and its primary income stream arises from dividends received from its trading subsidiaries. Despite the covid-19 pandemic, the Directors expect the company to remain liquid for the foreseeable future having assessed the forecast cashflows of the company which are largely predictable in nature.

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' Responsibilities statement

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;
- 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.

Directors' report *(continued)*

Directors' Responsibilities statement *(continued)*

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 Industrial Products Holdings Limited

Opinion

We have audited the financial statements of Oxford Instruments Industrial Products Holdings Limited ("the company") for the year ended 31 March 2020 which comprise the Profit and Loss Account and Statement of Other 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 result 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.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Oxford Instruments Industrial Products Holdings 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 6 and 7 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.

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
Operating result		-	-
Result before tax	2	-	-
Tax on result	5	-	-
Result for the financial year, being total comprehensive income		-	-

All figures relate to continuing operations.

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

The accompanying notes form part of the financial statements.

Balance sheet
As at 31 March 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Investments	6	**5,352**	5,352
		5,352	5,352
Current assets			
Debtors (including £1,000 (2019: £1,000) due after more than one year)	7	**1**	1
Net assets		**5,353**	5,353
Capital and reserves			
Called up share capital	8	**-**	-
Share premium reserve		**21,300**	21,300
Capital contribution reserve		**3,701**	3,701
Profit and loss account		**(19,648)**	(19,648)
Shareholder's funds		**5,353**	5,353

The accompanying notes form part of the 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	Share premium £000	Capital contribution reserve £000	Profit & loss account £000	Total £000
At 1 April 2018	-	21,300	3,701	(19,648)	5,353
Result for the year, being total comprehensive income	-	-	-	-	-
At 1 April 2019	-	21,300	3,701	(19,648)	5,353
Result for the year, being total comprehensive income	-	-	-	-	-
At 31 March 2020	**-**	**21,300**	**3,701**	**(19,648)**	**5,353**

The accompanying notes form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Oxford Instruments Industrial Products Holdings Limited ("the Company") is a company incorporated and domiciled in the UK.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

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

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*.

Exemption from preparing group accounts

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 and 402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its immediate and ultimate parent.

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 investments in subsidiaries

Investments in subsidiaries are held at cost less provision for impairment 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.

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 Strategic Report.

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

The only activity of the company is the holding of investments and intragroup loans and as such it has minimal expenditure which can be reliably forecast and no other commitments. As a holding company, the company does not undertake in trading activity and its primary income stream arises from dividends received from its trading subsidiaries. Despite the covid-19 pandemic, the Directors expect the company to remain liquid for the foreseeable future having assessed the forecast cashflows of the company which are largely predictable in nature.

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.

Taxation

Tax on the profit or loss for the year comprises current 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.

Investments in subsidiary undertakings

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision, if necessary, for impairment. Any impairment in value against original cost is charged to profit or loss.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors.

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.

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.

2 Result before taxation

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

3 Staff numbers and costs

With the exception of the directors, the Company has no employees (2019: none).

Notes *(continued)*

4 Remuneration of directors

The payment of directors' remuneration is borne by another group company. Directors' remuneration in respect of qualifying services is apportioned to group companies based on estimated time spent on the governance of the Company and its subsidiaries. Directors' remuneration in respect of qualifying services was as follows:

	2020 £000	2019 £000
Directors' remuneration	**18**	20
Company contributions to money purchase pension plans	**1**	1

The aggregate of remuneration and amounts receivable under long term incentive schemes attributable to the highest paid director was £9,000 (2019: £10,000), and company pension contributions of £1,000 (2019: £1,000) were made to a money purchase scheme on their behalf. During the year, the highest paid director did not exercise any share options (2019: nil); and received 48,319 (2019: 64,613) share options under a long-term incentive scheme.

The directors were also directors or officers of other Group companies.

5 Taxation

	£000	**2020 £000**	£000	2019 £000
Current tax:				
Current tax on income for the period	-		-	
Total current tax		-		-
Tax on result		-		-

Factors affecting the tax charge for the period

The current tax charge is the same as (2019: same as) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020 £000	2019 £000
Result before tax	-	-
Result before tax at standard tax rate of 19% (2019: 19%)	-	-
Total tax charge	-	-

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.

Notes *(continued)*

6 Investments

	Investments £000
Cost	
At 1 April 2019 and 31 March 2020	**25,000**
Provisions for impairment	
At 1 April 2019 and 31 March 2020	**19,648**
Net book value	
At 1 April 2019 and 31 March 2020	**5,352**

At 31 March 2020, the carrying value of investments on the Company's balance sheet was assessed for indicators of impairment in line with the requirements of IAS 36 *Impairment of Assets*. No indicators were identified and therefore no impairment charge was recognised during the year.

The direct undertakings in which the Company has an interest at the year-end are as follows:

Subsidiary Undertakings	**Country of incorporation and registered address**	**Principal activity**	**Class and percentage of shares held**	
Oxford Instruments Industrial Products Limited	Tubney Wood, Abingdon, Oxon, OX13 5QX, United Kingdom	Advanced instrumentation	100%	Ordinary

7 Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	**1**	1

All amounts owed by group undertakings are repayable on demand and do not attract interest. The Company has no immediate intention to recall £1,000 of these balances (2019: £1,000) in the short term and so these amounts are classified as amounts falling due after more than one year.

8 Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
2 ordinary £1 shares	**2**	2

Notes *(continued)*

9 Ultimate parent company

The ultimate and immediate 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.

10 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.