

Registered number: 04325633

**Instrumentel Limited**

**Annual Report and Financial Statements**

**For the Year Ended 31 December 2019**

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**Instrumentel Limited**

**Company Information**

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<b>Directors</b>	T G Johnstone D M McGorman C J Weldon
<b>Company Secretary</b>	R P D O'Brien
<b>Registered number</b>	04325633
<b>Registered office</b>	Unipart House Cowley Oxford England OX4 2PG
<b>Independent auditors</b>	Chadwick & Company (Manchester) Limited Chartered Accountants and Statutory Auditors Capital House 272 Manchester Road Droylsden Manchester M43 6PW

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## **Instrumentel Limited**

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**Business review and future developments**

Instrumentel Limited ("the Company") is a provider of innovative technology and engineering solutions around a diagnostic and digital platform offering improved performance capability and added value to its customers.

The directors are satisfied with the underlying trading performance and position of the Company for the reporting period. The outlook and focus for 2020 for the Company is dominated by the implications of Coronavirus. The directors are closely monitoring the economic implications of the spread of Coronavirus across the globe and the impact that will have on the Company's trading performance for the coming year. The directors have undertaken a review of the potential impacts that Coronavirus will have on the Company, further details of which are reported in the Directors' Report, and the directors are confident that they have a robust business plan that can withstand the economic challenges that may result from the pandemic.

The Company is a subsidiary of the Unipart Group of Companies ("the Group"). The strategic objectives of the Company are aligned with those of the Group. Further details on the strategy and performance of the Group, including key performance indicators, can be found in the Chairman's Statement and the Strategic, Operating and Financial Review in the 2019 Annual Report of Unipart Group of Companies Limited, which does not form part of this report.

**Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated within the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which included those of the Company, are discussed in the Strategic, Operating and Financial Review in the 2019 Annual Report of Unipart Group of Companies Limited, which does not form part of this report.

**Financial risk management**

The financial risks of the Company are managed centrally by the Group's treasury department. Given the size of the Company and the level of its activities, its operations are not significantly exposed to risks as price risk, credit risk, liquidity risk or interest risk.

This report was approved by the Board and signed on its behalf.



**C J Weldon**  
Director

16 April 2020

## **Instrumentel Limited**

### **Directors' Report**

**For the Year Ended 31 December 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Results for the year**

The results for the year are set out in the Statement of Comprehensive Income on page 9.

#### **Dividends**

The directors do not propose the payment of a dividend (2018: £nil).

## **Instrumentel Limited**

### **Directors' Report For the Year Ended 31 December 2019**

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#### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

T G Johnstone  
D M McGorman  
C J Weldon (appointed 1 February 2019)  
J Chitty (resigned 31 January 2019)  
G J Tillier (resigned 28 February 2019)

There was no contract subsisting during the year or at the date of approval of the financial statements in which any director of the Company had a material interest; however, during the year and at the date of approval of the financial statements, a qualifying third party indemnity from the Company was available to the directors against liabilities incurred by them in defending proceedings against them in relation to the affairs of the Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association.

#### **Research and Development**

The Company is committed to an ongoing programme of expenditure on research and development projects.

#### **Future developments**

A review of the business and an indication of likely future developments are included in the Strategic Report.

#### **Financial risk management**

Details of the financial risks of the Company are disclosed in the Strategic Report.

#### **Impact of Coronavirus**

Since the balance sheet date, there has been significant macro-economic uncertainty as a result of the Coronavirus outbreak, the scale and duration of which inherently remains uncertain. As the Coronavirus outbreak was confirmed as a pandemic by the World Health Organisation on 11 March 2020, the impact of this global crisis is considered to be a non-adjusting event after the end of the reporting period.

Since the start of the escalation of Coronavirus, the senior management team have been monitoring and reacting to the situation on a daily basis and have put in place contingency plans to safeguard the employees and mitigate the developing risks of this global pandemic. These contingency plans include ensuring employees receive appropriate guidance and clear communications, along with the necessary equipment and facilities to maintain a safe working environment. Additional hygiene supplies have been provided to help limit the spread of any infection, along with increased cleaning protocols of all locations. Both domestic and international business travel was scaled back very quickly and attendance at large business meetings strongly discouraged. Many of our office employees were already able to work effectively from home and this is now being enforced for all but essential working requirements. The Company and Group has also been working closely with both customers and suppliers to mitigate any disruption to supply chains. These plans will continue to be adapted as the situation evolves.

**Impact of Coronavirus (continued)**

As part of a multi-national organisation primarily operating in the lesser impacted industry sectors, the Company and Group is likely to be as resilient, if not more so, than many other companies across the world. It is a difficult challenge to fully assess the impact of Coronavirus, however the key financial risks that the directors have identified are:

- a decline in turnover due to customers' reduced volume demands;
- increased levels of absenteeism; and
- working capital increases if customers delay payments.

The Group's banking headroom position has been stress tested for various scenarios relating to each of these three risks, looking in particular at the impact of:

1. certain customers delaying payments by either one or two months; and
2. customer volume declines of 10%, 25% and 50% for a period of six months.

These assessments have been reviewed and discussed by the Board of Directors, with consideration given to sensible mitigating actions that are readily available to the Company and Group. The directors have considered the commercial mechanisms in place with customers and suppliers, along with the ability, if required, for the business to scale down costs according to the reduced demand. Whilst these are unprecedented times, being able to efficiently manage costs in line with fluctuating volumes is a fundamental part of the offering the Company and Group already provides to many of its customers. Other mitigating options available include taking advantage of the various Coronavirus support packages offered by the UK government (and other worldwide authorities) as well as the delaying of discretionary expenditure, which have each been considered and modelled.

Based on this assessment, at the date of signing these financial statements, the Board has a reasonable expectation that the Company and Group has adequate resources to manage its way through the potential impacts of this pandemic and continue in operational existence for the foreseeable future.

The health and safety of our people remains our top priority. The Company and Group will continue to monitor guidance issued from the various worldwide authorities as the global crisis progresses to ensure that our business remains well placed to respond to this ever-changing situation.

**Going concern**

In considering going concern, the directors have reviewed the cash flow requirements of the Group, both under normal circumstances and reflecting the current assessment of reasonable downside scenarios in light of the Coronavirus pandemic. The Company and Group has access to long-term borrowing facilities, which the directors anticipate being available on a continuing basis. Based on these assessments, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements, which are shown on pages 9 - 22.

**Instrumentel Limited**

**Directors' Report  
For the Year Ended 31 December 2019**

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**Independent auditors**

The auditors, Chadwick & Company (Manchester) Limited, have indicated their willingness to continue in office.

This report was approved by the Board on 16 April 2020 and signed by its order.



**C J Weldon**

Director

16 April 2020

Registered number: 04325633



**Report on the audit of the financial statements**

**Opinion**

In our opinion, Instrumentel Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income for the year then ended; the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

**Reporting on other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Responsibilities for the financial statements and the audit (continued)**

*Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



**Cathryn McDowell (Senior Statutory Auditor)**

for and on behalf of Chadwick & Company (Manchester) Limited  
Chartered Accountants and Statutory Auditors

Capital House  
272 Manchester Road  
Droylsden  
Manchester  
M43 6PW

16 April 2020

**Instrumentel Limited**

**Statement of Comprehensive Income  
For the Year Ended 31 December 2019**

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		<b>2019 £000</b>	<b>2018 £000</b>
	<b>Note</b>		
Turnover	5	<b>974</b>	765
Cost of Sales		<b>(192)</b>	(72)
<b>Gross profit</b>		<b>782</b>	693
Administrative expenses		<b>(980)</b>	(653)
<b>(Loss)/profit on ordinary activities before taxation</b>	6	<b>(198)</b>	40
Tax on (loss)/profit on ordinary activities	9	<b>17</b>	26
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(181)</b>	66

There were no recognised gains or losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

The notes on pages 12 to 22 form part of these financial statements.

**Instrumentel Limited**

**Balance Sheet**  
**As at 31 December 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	10	<u>86</u>	<u>91</u>
		86	91
<b>Current assets</b>			
Stocks	11	174	105
Debtors: amounts falling due within one year	12	536	637
Cash at bank and in hand		<u>434</u>	<u>36</u>
		1,144	778
Creditors: amounts falling due within one year	13	<u>(1,872)</u>	<u>(1,315)</u>
<b>Net current liabilities</b>		(728)	(537)
<b>Total assets less current liabilities</b>		<u>(642)</u>	<u>(446)</u>
Creditors: amounts falling due after more than one year	14	-	(15)
<b>Net liabilities</b>		<u>(642)</u>	<u>(461)</u>
<b>Capital and reserves</b>			
Called up share capital	16	104	104
Share premium account	17	1,265	1,265
Profit and loss account	17	<u>(2,011)</u>	<u>(1,830)</u>
<b>Total shareholders' deficit</b>		<u>(642)</u>	<u>(461)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 16 April 2020.



**C J Weldon**  
Director

The notes on pages 12 to 22 form part of these financial statements.

Registered number: 04325633

**Instrumentel Limited**

**Statement of Changes in Equity  
For the Year Ended 31 December 2019**

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total shareholders' deficit £000</b>
At 1 January 2019	104	1,265	(1,830)	(461)
Loss for the financial year	-	-	(181)	(181)
As at 31 December 2019	<u>104</u>	<u>1,265</u>	<u>(2,011)</u>	<u>(642)</u>

**Statement of Changes in Equity  
For the Year Ended 31 December 2018**

	<b>Called up share capital £000</b>	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>	<b>Total shareholders' deficit £000</b>
At 1 January 2018	104	1,265	(1,896)	(527)
Profit for the financial year	-	-	66	66
As at 31 December 2018	<u>104</u>	<u>1,265</u>	<u>(1,830)</u>	<u>(461)</u>

The notes on pages 12 to 22 form part of these financial statements.

## **1 General information**

The Company is a trading company within the United Kingdom.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Unipart House, Cowley, Oxford, England, OX4 2PG.

## **2 Statement of compliance**

The financial statements of Instrumentel Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

## **3 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

### **3.1 Basis of accounting**

At the date of signing these accounts, the Company is closely monitoring the implications of Coronavirus. As reported in more detail in the Directors' Report, various stress test scenarios have been assessed to evaluate the impact that this global pandemic may have on the Company's future performance. The financial resilience tests take into account the significant long-term borrowing facilities available for the Company and the Group and the substantial support for businesses and economic stimulus packages being offered by both the UK government and worldwide authorities, which the directors have a reasonable expectation will continue to be available on an ongoing basis. Based on the outcomes of those financial resilience tests, the Board is of the view that the Company and Group will have sufficient headroom available to finance both the ongoing activities of the Company and manage its way through the more likely potential impacts of this pandemic. As a result, the financial statements have been prepared on the going concern basis, under the historical cost basis of accounting, including FRS 102 and the Companies Act 2006.

The presentation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements are prepared in Sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest thousand.

Although the Company has net current liabilities at year end, the directors are satisfied that the Company has adequate resources to meet its liabilities as they fall due as the Company is able to draw upon a group financing facility if required, as referenced to in note 18 of the financial statements. Accordingly, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

### 3 Accounting policies (continued)

#### 3.2 Cash flow statement

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a cash flow statement, on the basis that it is a qualifying entity and its ultimate parent company, Unipart Group of Companies Limited, includes the Company's cash flows in its own consolidated financial statements.

#### 3.3 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the period, exclusive of Value Added Tax.

Income is recognised as the fair value of consideration receivable on goods and services supplied during the year, including amounts received and receivable on management fee contracts. The sales of goods are recognised at the point at which the risks and rewards of ownership are transferred, in accordance with the individual sales contracts. Revenue from the sale of services are recognised in the accounting period in which the services are rendered, by reference to the agreed contractual arrangements. Revenue is reported net of conditional discounts, VAT and other sales taxes.

#### 3.4 Research and development

Research and development expenditure is written off as incurred.

#### 3.5 Pension costs

For defined contribution schemes, contributions are charged to the Statement of Comprehensive Income as payable in respect of the accounting year.

#### 3.6 Employee benefits

The cost of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 3.7 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation, with provision for impairment where considered appropriate. The cost of purchased assets is the value of consideration given to acquire the assets and value of other directly attributable costs that are incurred in bringing the assets to the location and condition necessary for their intended use. Depreciation on the cost of tangible fixed assets is provided over the following periods on a straight-line basis, to write off the assets over their estimated useful lives from the date they are brought into use.

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Plant and machinery	-	20 - 33% per annum of cost
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### **3 Accounting policies (continued)**

#### **3.8 Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

#### **3.9 Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### **3.10 Deferred tax**

Deferred tax is accounted for to recognise timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes. A deferred tax liability is recognised if transactions or events result in the Company having an obligation to pay more tax in future periods. A deferred tax asset is only recognised where transactions or events that have occurred before the Balance Sheet date give the Company the right to pay less tax in the future and it is considered to be probable that the asset will be recovered. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

#### **3.11 Financial instruments**

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(c), from presenting disclosures in relation to financial instruments, on the basis that it is a qualifying entity and its ultimate parent company, Unipart Group of Companies Limited, includes the equivalent disclosures in its own consolidated financial statements.

#### **3.12 Operating leases**

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

#### **3.13 Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

**3 Accounting policies (continued)**

**3.14 Key management personnel**

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(e), from presenting disclosures in relation to key management personnel, on the basis that it is a qualifying entity and its ultimate parent company, Unipart Group of Companies Limited, includes the equivalent disclosures in its own consolidated financial statements.

**3.15 Government grants**

Income from government grants is credited to the Statement of Comprehensive Income in the period in which the grant becomes receivable.

**4 Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure in the reporting period, particularly in relation to the adoption of the going concern assumption. Actual results could differ from those estimates.

The financial statements have been prepared on the going concern basis, in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom.

In considering the going concern assumption, the directors have had to apply judgment in relation to the potential impact that the current Coronavirus global pandemic might have on the global and domestic economies the Company and Group operates in and its potential impact on the Group. In arriving at this judgment, projections have been prepared to model the financial resilience of the Company and Group to various scenarios resulting from a downturn triggered by the Coronavirus pandemic. The projections themselves require judgment and estimates regarding the potential impact that the Coronavirus pandemic will have on the Company's and Group's profit and cashflow. The results of the financial resilience tests, and the mitigating actions that are available provide a reasonable expectation that the Company and Group has adequate resources to manage its way through the potential impacts of Coronavirus. It also concludes that, whilst there are uncertainties over the scale and duration of this pandemic, they do not lead the directors to consider that there are material uncertainties which cast significant doubt over the Company's and Group's ability to continue as a going concern. Therefore the directors continue to consider it appropriate to adopt the going concern assumption in preparing these financial statements. The Directors' Report includes more detail on the financial resilience testing undertaken.

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful lives and residual values are reassessed annually. They are amended when necessary, to reflect current estimates. See note 10 for the carrying value of tangible fixed assets.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2019**

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**5 Turnover**

All sales in the current and prior year relate to the provision of innovative technology and engineering solutions around a diagnostic/digital platform.

An analysis of turnover by geographical location of customer is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>779</b>	<b>765</b>
Rest of Europe	<b>33</b>	<b>-</b>
Rest of World	<b>162</b>	<b>-</b>
	<b>974</b>	<b>765</b>

**6 (Loss)/profit on ordinary activities before taxation**

The (loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets	<b>30</b>	<b>24</b>
Government grants	<b>-</b>	<b>(27)</b>
Amount of stock expensed	<b>186</b>	<b>73</b>
Operating lease rentals	<b>48</b>	<b>56</b>
Audit fees payable to the Company's auditors	<b>5</b>	<b>6</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2019**

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**7 Employees**

Staff costs were as follows:

	<b>2019</b>	2018
	<b>£000</b>	£000
Wages and salaries	<b>657</b>	483
Social security costs and other taxes	<b>76</b>	58
Other pension costs	<b>21</b>	17
	<b><u>754</u></b>	<u>558</u>

Other pension costs relate to contributions to defined contribution pension schemes.

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2019</b>	2018
	<b>Number</b>	Number
Sales, marketing and administration	<b>15</b>	12
	<b><u>15</u></b>	<u>12</u>

**8 Directors' emoluments**

The aggregate emoluments of the directors during the year totalled £115,594 (2018: £123,167). During the year, certain directors (2018: certain directors) received their remuneration in respect of services to Group as a whole and received no remuneration in respect of services provided to the Company.

During the year, retirement benefits were accruing to 1 director (2018: 1) in respect of a defined contribution pension scheme.

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2019**

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**9 Tax on (loss)/profit on ordinary activities**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
UK corporation tax (credit)/charge on (loss)/profit for the year	<b>(38)</b>	<b>8</b>
Adjustments in respect of prior years	<b>21</b>	<b>(34)</b>
<b>Total current tax credit</b>	<b>(17)</b>	<b>(26)</b>
<b>Tax on (loss)/profit on ordinary activities</b>	<b>(17)</b>	<b>(26)</b>

**Factors affecting tax credit for the year**

The tax assessed for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
(Loss)/profit on ordinary activities before taxation	<b>(198)</b>	<b>40</b>
(Loss)/profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	<b>(38)</b>	<b>8</b>
<b>Effects of:</b>		
Adjustments in respect of prior years	<b>21</b>	<b>(34)</b>
<b>Total tax credit for the year</b>	<b>(17)</b>	<b>(26)</b>

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

The Company has corporation tax losses amounting to £1,142,447 (2018: £1,136,392) to carry forward against any future profits it may earn.

**Instrumentel Limited****Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**10 Tangible assets**

	<b>Plant and machinery £000</b>
<b>Cost</b>	
At 1 January 2019	127
Additions	25
<b>At 31 December 2019</b>	<b>152</b>
<b>Accumulated depreciation</b>	
At 1 January 2019	36
Charge for the year	30
<b>At 31 December 2019</b>	<b>66</b>
<b>Net book value</b>	
<b>At 31 December 2019</b>	<b>86</b>
At 31 December 2018	91

**11 Stocks**

	<b>2019 £000</b>	<b>2018 £000</b>
Work in progress	-	7
Finished goods	174	98
	<b>174</b>	<b>105</b>

There is no material difference between carrying value and replacement cost.

**12 Debtors**

	<b>2019 £000</b>	<b>2018 £000</b>
Trade debtors	416	316
Accrued income	62	285
Prepayments	25	11
Corporation tax	33	25
	<b>536</b>	<b>637</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2019**

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

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	8	20
Amounts owed to Group undertakings	1,765	1,209
Other taxation and social security	76	62
Other creditors	16	20
Accruals and deferred income	7	4
	<u>1,872</u>	<u>1,315</u>

Amounts owed to Group undertakings are unsecured, non-interest bearing and are repayable on demand.

**14 Creditors: amounts falling due after more than one year**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Other creditors	<u>-</u>	<u>15</u>

**15 Pension commitments**

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The charge to profit and loss in respect of defined contributions schemes was £21,000 (2018: £17,000).

**Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**16 Called up share capital**

	2019 £	2018 £
<b>Allotted called up and fully paid</b>		
843,974 (2018: 843,974), A Ordinary Shares of £0.01 each	8,440	8,440
749,761 (2018: 749,761), B Ordinary Shares of £0.01 each	7,498	7,498
242,781 (2018: 242,781), C Ordinary Shares of £0.01 each	2,428	2,428
950,956 (2018: 950,956), Deferred Shares of £0.09 each	85,586	85,586
	<b>103,952</b>	<b>103,952</b>

Ordinary shares are classified as equity. There are no restrictions on the distribution of dividends and the repayment of capital on these ordinary shares.

The Deferred shares have no voting rights and no right to participate in the distribution of dividends. The deferred shareholders are only entitled to a return of capital once ordinary shareholders have received £1,000,000 per Ordinary share.

**17 Reserves**

**Share premium account**

Share premium account represents amounts received above par value in return for shares within the Company.

**Profit and loss account**

The profit and loss account represents accumulated comprehensive income for the year and prior years less dividends paid.

**18 Contingent liabilities**

The Company has given security, by way of fixed and floating charges over certain of the Company's assets, to guarantee bank loans and overdrafts provided to certain fellow subsidiary undertakings. The amount outstanding under such arrangements at 31 December 2019 was £2,500,000 (2018: £4,500,000).



**Notes to the Financial Statements  
For the Year Ended 31 December 2019**

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**19 Operating lease commitments**

At 31 December, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Expiry date</b>		
Within 1 year	<b>47</b>	<b>42</b>
Between 2 and 5 years	<b>111</b>	<b>157</b>

**20 Related party transactions**

During the year, the total sales made to related parties amounted to £711,000 (2018: £421,000), purchases made from related parties amounted to £nil (2018: £nil) and the balance owed from related parties at 31 December 2019 was £162,000 (2018: £282,000). In addition, loans owed to related parties of £1,765,000 were outstanding at the year end (2018: £1,209,000).

At the year end, a loan of £nil was owed to Dr D M McGorman (2018: £4,000).

**21 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is Unipart Rail Holdings Limited.

The ultimate parent undertaking and controlling party is Unipart Group of Companies Limited, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Unipart Group of Companies Limited's consolidated financial statements can be obtained from the Company Secretary at Unipart House, Cowley, Oxford, OX4 2PG.