

Registered number: 04325633

Instrumentel Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2017



Instrumentel Limited

Company Information

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

Instrumentel Limited

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Instrumentel Limited

Strategic Report For the Year Ended 31 December 2017

Business review

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

On 3 February 2017, 86.78% of the Ordinary share capital of the Company was acquired by Unipart Rail Holdings Limited, a wholly owned subsidiary of Unipart Group of Companies Limited.

The directors are satisfied with the financial performance and position of the Company and anticipate similar levels of activity in the coming year.

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 2017 Annual Report of Unipart Group of Companies Limited, which does not form part of this report.

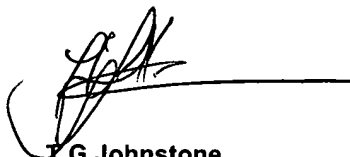
Principal risks and uncertainties

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 2017 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 such as price risk, credit risk, liquidity risk or interest risk.

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



T G Johnstone
Director

24 September 2018

Instrumentel Limited

Directors' Report For the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards 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 to 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.

Statement of disclosure to auditor

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
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Instrumentel Limited

Directors' Report For the Year Ended 31 December 2017

Dividends

The directors do not propose the payment of a dividend (2016: £nil).

Directors

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

J Chitty (appointed 3 February 2017)
T G Johnstone (appointed 3 February 2017)
Dr D M McGorman
G J Tillier (appointed 3 February 2017)
A J M Duley (resigned 3 February 2017)

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.

Going concern

The Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Although the Company has net current liabilities at the Balance Sheet date, it receives support from Unipart Group of Companies Limited, its ultimate parent undertaking. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements, which are shown on pages 8 to 19.

Auditors

The auditors, Chadwick & Company (Manchester) Limited, who were appointed in the period, have indicated their willingness to continue in office.

Instrumentel Limited

**Directors' Report
For the Year Ended 31 December 2017**

This report was approved by the Board and signed by its order.

A handwritten signature in black ink, appearing to read 'R P D O'Brien', written in a cursive style.

R P D O'Brien
Company Secretary

24 September 2018

Registered number: 04325633

Instrumentel Limited

Independent Auditors' Report to the Members of Instrumentel Limited

Opinion

We have audited the financial statements of Instrumentel Limited (the 'Company') for the year ended 31 December 2017 set out on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The comparative figures are unaudited. We are satisfied we have obtained sufficient, appropriate audit evidence to ensure the opening balances do not contain misstatements that materially affect the current year's financial statements.

Conclusions relating to going concern

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

- 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Instrumentel Limited

Independent Auditors' Report to the Members of Instrumentel Limited

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions of other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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 and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's responsibilities for the audit of the financial statements

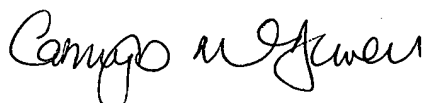
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Instrumentel Limited

Independent Auditors' Report to the Members of Instrumentel Limited

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.



Cathryn McDowell FCCA (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

26 September 2018

Instrumentel Limited

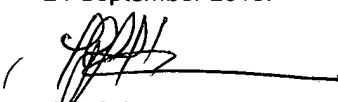
**Balance Sheet
As at 31 December 2017**

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	11	<u>5</u>	<u>5</u>
		5	5
Current assets			
Stocks	12	79	50
Debtors	13	158	97
Cash at bank and in hand		50	7
		<u>287</u>	<u>154</u>
Creditors: amounts falling due within one year	14	<u>(801)</u>	<u>(560)</u>
Net current liabilities		<u>(514)</u>	<u>(406)</u>
Total assets less current liabilities		<u>(509)</u>	<u>(401)</u>
Creditors: amounts falling due after more than one year	15	(18)	(33)
Net liabilities		<u><u>(527)</u></u>	<u><u>(434)</u></u>
Capital and reserves			
Called up share capital	16	104	104
Share premium account	17	1,265	1,264
Profit and loss account	17	<u>(1,896)</u>	<u>(1,802)</u>
Total shareholders' deficit		<u><u>(527)</u></u>	<u><u>(434)</u></u>

The Company's accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The directors of the Company have elected not to include a copy of the profit and loss account within the financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 24 September 2018.


T/G Johnstone
Director

Registered number: 04325633

Instrumentel Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2017**

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' deficit
	£000	£000	£000	£000
At 1 January 2017	104	1,264	(1,802)	(434)
Loss for the financial year	-	-	(94)	(94)
Shares issued during the year	-	1	-	1
At 31 December 2017	104	1,265	(1,896)	(527)

**Statement of Changes in Equity
For the Year Ended 31 December 2016**

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' deficit
	£000	£000	£000	£000
At 1 January 2016	40	1,156	(1,518)	(322)
Loss for the financial year	-	-	(284)	(284)
Shares issued during the year	64	108	-	172
At 31 December 2016	104	1,264	(1,802)	(434)

The notes on pages 10 to 19 form part of these financial statements.

Instrumentel Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

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, OX4 2PG.

2. Statement of compliance

The individual financial statements of the Company 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. These policies have been consistently applied to all years presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

These financial statements are prepared on the going concern basis, under the historical cost convention, in compliance with United Kingdom Accounting Standards, 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.

3.2 Cashflow 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 Revenue

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. The sales 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. Accounting policies (continued)

3.4 Research and development

Research and development expenditure is written off as incurred.

3.5 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. During the period, the method of depreciation was changed in line with Group policy. Previously, plant and machinery was depreciated at 20% or 33% on cost.

Impairment provisions are calculated by comparing the net book value of fixed assets with the higher of the post-tax net realisable value and the value in use. The value in use is calculated using the forecast discounted cash flows over the economic life of the related fixed asset.

The estimated useful lives range as follows:

Plant and machinery	- 33% per annum of cost
---------------------	-------------------------

3.6 Stocks

Stocks 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.

3.7 Employee benefits

The costs 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.

3.8 Government grants

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

3.9 Pensions

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

3. Accounting policies (continued)

3.10 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.

3.11 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.

3.12 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 the rate ruling on the date of the transaction.

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

3.14 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.

3.15 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.

**Notes to the Financial Statements
For the Year Ended 31 December 2017**

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. Actual results could differ from those estimates.

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 11 for the carrying value of tangible fixed assets.

5. Turnover

It is the directors' judgment that all sales in the current and prior year relate to the provision of innovative technology and engineering solutions around a diagnostic/digital platform.

6. Operating loss

The operating loss is stated after charging:

	2017	2016
	£000	£000
Research & development charged as an expense	31	163
Government grants	48	-
Depreciation of tangible fixed assets	3	3
Amount of stock expensed	99	70
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	4	-
Operating lease rentals	54	46

Instrumentel Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

7. Employees

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	399	392
Social security costs and other taxes	45	36
Other pension costs	15	12
	<u>459</u>	<u>440</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:

	2017 No.	2016 No.
Sales, marketing and administration	<u>9</u>	<u>10</u>

8. Directors' remuneration

The aggregate emoluments of the directors during the year totalled £86,000 (2016: £86,000). Following the acquisition of the Company by Unipart Rail Holdings Limited during the year, certain directors received their remuneration in respect of services to the 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 (2016: 1) in respect of defined contribution pension schemes.

9. Interest payable and similar charges

	2017 £000	2016 £000
Bank interest	1	-
Other interest	-	27
	<u>1</u>	<u>27</u>

Instrumentel Limited**Notes to the Financial Statements
For the Year Ended 31 December 2017****10. Tax on loss on ordinary activities**

	2017 £000	2016 £000
Current tax		
UK corporation tax credit on loss for the year	-	(54)
Adjustments in respect of prior periods	-	(30)
	<u>-</u>	<u>(84)</u>
Tax on loss on ordinary activities	<u>-</u>	<u>(84)</u>

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 £000	2016 £000
Loss on ordinary activities before taxation	<u>(94)</u>	<u>(368)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	(18)	(74)
Effects of:		
Research and development expenditure credit	-	(54)
Additional deduction for research and development expenditure	-	(42)
Deferred tax not recognised	18	116
Adjustments in respect of prior periods	-	(30)
Total tax credit for the year	<u>-</u>	<u>(84)</u>

Factors that may affect future tax charges

The UK corporation tax rate was reduced from 20% to 19% on 1 April 2017. During the prior year, it was substantively enacted that the UK corporation tax rate will be reduced to 17% from 1 April 2020. As a result, the relevant deferred tax balances have been remeasured.

The company has corporation tax losses amounting to £1,223,966 (2016: £1,134,414) to carry forward against any future profits it may earn.

Instrumentel Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2017**

11. Tangible assets

	Plant and machinery £000
Cost	
At 1 January 2017	14
Additions	3
	<hr/>
At 31 December 2017	17
	<hr/>
Depreciation	
At 1 January 2017	9
Charge for the year	3
	<hr/>
At 31 December 2017	12
	<hr/>
Net book value	
At 31 December 2017	5
	<hr/>
At 31 December 2016	5
	<hr/>

12. Stocks

	2017 £000	2016 £000
Work in progress	36	-
Finished goods	43	50
	<hr/>	<hr/>
	79	50
	<hr/>	<hr/>

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

Stocks are stated after provisions for impairment of £nil (2016: £nil).

Instrumentel Limited**Notes to the Financial Statements
For the Year Ended 31 December 2017****13. Debtors**

	2017	2016
	£000	£000
Amounts falling due within one year		
Trade debtors	65	29
Other debtors	89	60
Prepayments and accrued income	4	8
	158	97

14. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	37	67
Amounts owed to Group undertakings	728	-
Other taxation and social security	3	92
Other creditors	28	399
Accruals and deferred income	5	2
	801	560

Amounts owed to Group undertakings are unsecured and repayable on demand.

15. Creditors: amounts falling due after more than one year

	2017	2016
	£000	£000
Other creditors	18	33

Instrumentel Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

16. Called up share capital

	2017 £	2016 £
Allotted, called up and fully paid		
843,974 (2016: 843,974) A Ordinary shares of £0.01 each	8,440	8,440
749,761 (2016: 743,191) B Ordinary shares of £0.01 each	7,498	7,432
242,781 (2016: 242,781) C Ordinary shares of £0.01 each	2,428	2,428
950,956 (2016: 950,956) Deferred shares of £0.09 each	85,586	85,586
	<u>103,952</u>	<u>103,886</u>

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

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.

At the start of the year there were outstanding share options of 7,126 and during the year these have been cancelled or exercised as follows:

Share options of 6,570 B shares were exercised in the year upon completion of the acquisition by Unipart Rail Holdings Limited. The shares were exercised at a price of £0.178, resulting in consideration received of £1,169.46

Share options of 556 B shares were cancelled during the year.

There were no remaining share options outstanding at the year end.

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

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 2017 was £6,500,000 (2016: £nil).

Instrumentel Limited

Notes to the Financial Statements For the Year Ended 31 December 2017

19. 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 contribution schemes was £15,000 (2016: £12,000).

Contributions totalling £nil (2016: £nil) were payable to the fund at the year end.

20. Operating lease commitments

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

	2017 £000	2016 £000
Within 1 year	24	4
Between 2 and 5 years	199	-
	<u>223</u>	<u>4</u>

21. Related party transactions

During the year, the company entered into transactions in the ordinary course of business with other related parties. During the year, sales of £114,374 were made to other related parties (2016: £nil) of which £33,786 was outstanding at the year end. In addition, loans owed to related parties of £727,836 were outstanding at the year end (2016: £nil). There were no purchases made from related parties in the year or creditors outstanding at the year end.

At the year end, a loan of £6,300 was owed to Dr D M McGorman (2016: £12,550).

22. 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.