

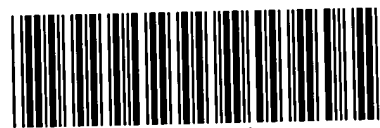
Registered number: 04325633

Instrumentel Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2021

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Instrumentel Limited

Company Information

Directors	D M McGorman C J Weldon
Company Secretary	T Russell
Registered number	04325633
Registered office	Unipart House Cowley Oxford England OX4 2PG
Independent auditors	Chadwick & Company (Manchester) Limited Chartered Accountants and Statutory Auditors Capital House 272 Manchester Road Droylsden Manchester M43 6PW

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Instrumentel Limited

Strategic Report

For the Year Ended 31 December 2021

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 the Company is dominated by the continued implications of Covid-19. The directors are closely monitoring the potential implications as economies adjust post-pandemic and the impact that will have on the performance of the Company's interests for the coming year. The directors have undertaken a review of the potential impacts that Covid-19 will have on the Company in 2022, 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 Limited ("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 and Operating Review and the Financial Review in the 2021 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 Financial Review in the 2021 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.



C J Weldon
Director

15 July 2022

Instrumentel Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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 10.

Dividends

The directors do not propose the payment of a dividend (2020: £nil).

Instrumentel Limited

Directors' Report For the Year Ended 31 December 2021

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 (resigned 13 August 2021)
D M McGorman
C J Weldon

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 Covid-19

Since March 2020, there has been significant macro-economic uncertainty as a result of the Covid-19 crisis, the scale and duration of which inherently remains uncertain.

Since the start of the escalation of Covid-19 pandemic, 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 face-to-face business meetings throughout the year has been strongly discouraged. Where virtual meetings using digital technologies have not been possible or practical, clear guidelines have been set out with regards to social distancing and ventilation of meeting rooms. Many of our office employees were already able to work effectively from home and this has been enforced for all but essential working requirements throughout the year. The Group has also been working closely with both customers and suppliers to mitigate any disruption to supply chains and to support them as they navigate their way through the impacts on their businesses. These plans will continue to be adapted as the situation evolves.

Instrumentel Limited

Directors' Report For the Year Ended 31 December 2021

Impact of Covid-19 (continued)

As a multi-national organisation primarily operating in the lesser impacted industry sectors, the Group was expected to be as resilient, if not more so, than many other companies across the world. Although we have experienced an impact on turnover and profits in some parts of the Group, the diversity of our operations has meant that we have been able to remain stable and present a robust platform from which to participate in the post-pandemic.

After careful monitoring of the impact of Covid-19 throughout the year, the key financial risks that the directors have identified for the next financial year are:

- a decline in turnover due to customers' reduced volume demands; and
- increased levels of absenteeism.

A potential risk exists regarding working capital increases if customers delay payments, however, the Group has not experienced this so far during the pandemic.

The Group's banking headroom position and associated covenants have been stress tested for various scenarios relating to the key risks, looking in particular at the impact of:

1. Customers' reduced demand impacting growth by up to 50%;
2. A repeat of the adverse financial impact as in 2021.

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 companies within the 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 Group already provides to many of its customers. Other mitigating options available include changing the timing of intragroup payments as well as the delaying of discretionary expenditure, which have each been considered and modelled. Furthermore, we have been able to redeploy colleagues from one site to another in line with volume demand due to the consistent use of The Unipart Way across each of our operations.

The health and safety of our people remains our top priority. We continue to encourage each of our colleagues to get vaccinated to help protect themselves, their families and our colleagues against Covid-19 and have also offered free flu vaccines over the winter period to help protect our people further. 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

As a direct result of the ongoing impact of Covid-19 on Rail operations and infrastructure funding across the UK, the Company is currently projected to breach certain covenants in its bank facility, on a trading basis, even though it has sufficient financial headroom in the facility itself. The Company is currently agreeing a covenant test deferral with its lenders to allow it time to implement certain non-trading actions, which the directors reasonably believe are achievable and will retrospectively result in meeting those covenant targets.

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 the severe but plausible downside scenarios in light of the Covid-19 pandemic. The Company and Group has access to long-term borrowing facilities, which the directors anticipate being available on a continuing basis.

Instrumentel Limited

**Directors' Report
For the Year Ended 31 December 2021**

Going concern (continued)

Based on these assessments, the Board has a reasonable expectation that the projected covenant breach will not result in a technical breach under the banking facility and 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 10 - 23.

The facts as set out indicate the existence of a material uncertainty which may cast doubt as to the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Independent auditors

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

This report was approved by the Board on 15 July 2022 and signed by its order.



C J Weldon

Director

15 July 2022

Registered number: 04325633

Instrumentel Limited

Independent Auditors' Report to the Members of Instrumentel Limited For the Year Ended 31 December 2021

Report on the audit of the financial statements

We have audited the financial statements of Instrumentel Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. 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).

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 2021 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.

Material uncertainty related to going concern

We draw attention to the accounting policy 3.1 in the financial statements.

A material uncertainty exists, which may cast doubt as to the ability of the immediate parent undertaking of the Company, Unipart Rail Holdings Limited, to continue as a going concern. Projections show Unipart Rail Holdings Limited will breach certain covenants of its bank facility, on a trading basis, even though it has sufficient financial headroom in the facility itself. Agreements are being negotiated to a covenant test deferral with its lenders to allow it time to implement certain non-trading actions. As a result, the directors reasonably believe these are achievable and will retrospectively result in meeting those covenant targets.

Our audit opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Instrumentel Limited

Independent Auditors' Report to the Members of Instrumentel Limited For the Year Ended 31 December 2021

Opinions on 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 year 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 for directors

As explained more fully in the directors' responsibilities statement, 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.

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. This description forms part of our auditors' report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered and updated our knowledge of the company's specific industry and its regulatory environment, and reviewed the company's documentation surrounding the policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities. Based on this understanding, we identified and assessed the risks of material misstatement in the financial statements and designed and performed audit procedures in response to those risks.

Instrumentel Limited

Independent Auditors' Report to the Members of Instrumentel Limited For the Year Ended 31 December 2021

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We identified the key laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, the most significant of these is the UK Companies Act 2006. We also gained knowledge of the legal and regulatory frameworks which do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

The audit engagement team were made aware of the potential opportunities and incentives that may exist within the company for fraudulent activity and how and where fraud might occur or be concealed within the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other manual adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, we designed procedures which included:

- enquiring of management and those charged with governance concerning actual and potential litigation and claims and any known instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry or inspection;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- performing detailed audit work on areas identified as being susceptible to management bias and override of controls, such as provisions, estimates and journal entries, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of bias;
- performing analytical procedures to identify any unusual relationships that may indicate a risk of material misstatement due to fraud.

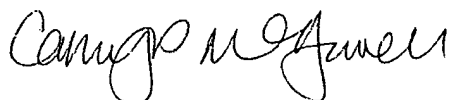
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Instrumentel Limited

**Independent Auditors' Report to the Members of Instrumentel Limited
For the Year Ended 31 December 2021**

Use of our report

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

15 July 2022

Instrumentel Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2021**

		2021	2020
		£000	£000
	Note		
Turnover	5	2,136	1,750
Cost of Sales		<u>(1,020)</u>	<u>(798)</u>
Gross profit		1,116	952
Administrative expenses		<u>(1,406)</u>	<u>(1,135)</u>
Loss on ordinary activities before taxation	6	(290)	(183)
Tax on loss on ordinary activities	9	<u>46</u>	<u>26</u>
Loss on ordinary activities after taxation		<u>(244)</u>	<u>(157)</u>

There were no recognised gains or losses for 2021 or 2020 other than those included in the Statement of Comprehensive Income.

The notes on pages 13 to 23 form part of these financial statements.

Instrumentel Limited

Balance Sheet

As at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	10	<u>30</u>	<u>59</u>
		30	59
Current assets			
Stocks	11	160	184
Debtors: amounts falling due within one year	12	1,600	692
Cash at bank and in hand		<u>142</u>	<u>100</u>
		1,902	976
Creditors: amounts falling due within one year	13	<u>(2,975)</u>	<u>(1,834)</u>
Net current liabilities		(1,073)	(858)
Total assets less current liabilities		<u>(1,043)</u>	<u>(799)</u>
Net liabilities		<u>(1,043)</u>	<u>(799)</u>
Capital and reserves			
Called up share capital	15	104	104
Share premium account	16	1,265	1,265
Profit and loss account	16	<u>(2,412)</u>	<u>(2,168)</u>
Total shareholders' deficit		<u>(1,043)</u>	<u>(799)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 15 July 2022.



C J Weldon
Director

The notes on pages 13 to 23 form part of these financial statements.

Registered number: 04325633

Instrumentel Limited

**Statement of Changes in Equity
For the Year Ended 31 December 2021**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' deficit £000
At 1 January 2021	104	1,265	(2,168)	(799)
Loss for the financial year	-	-	(244)	(244)
As at 31 December 2021	<u>104</u>	<u>1,265</u>	<u>(2,412)</u>	<u>(1,043)</u>

**Statement of Changes in Equity
For the Year Ended 31 December 2020**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' deficit £000
At 1 January 2020	104	1,265	(2,011)	(642)
Loss for the financial year	-	-	(157)	(157)
As at 31 December 2020	<u>104</u>	<u>1,265</u>	<u>(2,168)</u>	<u>(799)</u>

The notes on pages 13 to 23 form part of these financial statements.

Instrumentel Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

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 continuing implications of Covid-19. 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 performance in the coming financial year. The financial resilience tests take into account the significant long-term borrowing facilities available for the Company and the Group. As also noted in more detail in the Directors' Report, the Company is currently in the process of agreeing a covenant test deferral with its lenders, which indicates the existence of a material uncertainty that may cast doubt as to the Company's ability to continue as a going concern. Based on the outcomes of those financial resilience tests, and the directors' reasonable belief that the discussions with the lenders will result in the Company meeting its covenants, 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 reasonably foreseeable 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 financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern as a consequence of the material uncertainty.

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 17 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.

Instrumentel Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

3 Accounting policies (continued)

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.

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

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.

3.14 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, accounting for pension costs, the valuation of investment properties and freehold and long leasehold land and buildings, the useful economic lives of fixed tangible and intangible assets, the recognition of provisions and the recognition of deferred tax assets. 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 Covid-19 global pandemic might continue to 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 continued impacts. The projections themselves require judgment and estimates regarding the potential recovery profile that the industry might experience and the impact it might have on the Company's and Group's profit and cash flow. 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 Covid-19. 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

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**Notes to the Financial Statements
For the Year Ended 31 December 2021**

4 Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

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.

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:

	2021 £000	2020 £000
United Kingdom	2,019	1,740
Rest of Europe	37	-
Rest of World	80	10
	<u>2,136</u>	<u>1,750</u>

6 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible fixed assets	29	29
Amount of stock expensed	1,020	798
Operating lease rentals	61	51
Audit fees payable to the Company's auditors	<u>6</u>	<u>7</u>

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**Notes to the Financial Statements
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7 Employees

Staff costs were as follows:

	2021	2020
	£000	£000
Wages and salaries	982	797
Social security costs and other taxes	111	92
Other pension costs	25	26
	1,118	915

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:

	2021	2020
	Number	Number
Sales, marketing and administration	24	22
	24	22

8 Directors' emoluments

During the year, the 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.

The aggregate emoluments of the directors during the prior year totalled £115,408. During the prior year, 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 prior year, retirement benefits were accruing to 1 director in respect of a defined contribution pension scheme.

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**Notes to the Financial Statements
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9 Tax on loss on ordinary activities

	2021 £000	2020 £000
Current tax		
UK corporation tax credit on loss for the year	(55)	(35)
Adjustments in respect of prior years	9	9
Total current tax credit	(46)	(26)
Tax on loss on ordinary activities	(46)	(26)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before taxation	(290)	(183)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(55)	(35)
Effects of:		
Adjustments in respect of prior years	9	9
Total tax credit for the year	(46)	(26)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate for larger businesses would increase to 25% (rather than remaining at 19%, as previously enacted). As a result, the relevant deferred tax balances have been remeasured.

The Company has corporation tax losses amounting to £1,142,473 (2020: £1,142,473) to carry forward against any future profits it may earn.

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**Notes to the Financial Statements
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10 Tangible assets

	Plant and machinery £000
Cost	
At 1 January and 31 December 2021	<u>154</u>
Accumulated depreciation	
At 1 January 2021	95
Charge for the year	29
At 31 December 2021	<u>124</u>
Net book value	
At 31 December 2021	<u>30</u>
At 31 December 2020	<u>59</u>

11 Stocks

	2021 £000	2020 £000
Finished goods	160	184
	<u>160</u>	<u>184</u>

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

Stocks are stated after provisions for obsolescence of £nil (2020: £nil).

12 Debtors

	2021 £000	2020 £000
Trade debtors	1,395	251
Accrued income	77	362
Prepayments	16	20
Corporation tax	112	59
	<u>1,600</u>	<u>692</u>

Trade debtors are stated after provisions for impairment of £nil (2020: £nil).

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**Notes to the Financial Statements
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13 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	80	15
Amounts owed to Group undertakings	2,340	935
Other taxation and social security	120	200
Other creditors	-	14
Accruals and deferred income	435	670
	<u>2,975</u>	<u>1,834</u>

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

14 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 £25,000 (2020: £26,000).

15 Called up share capital

	2021 £	2020 £
Allotted called up and fully paid		
843,974 (2020: 843,974), A Ordinary Shares of £0.01 each	8,440	8,440
749,761 (2020: 749,761), B Ordinary Shares of £0.01 each	7,498	7,498
242,781 (2020: 242,781), C Ordinary Shares of £0.01 each	2,428	2,428
950,956 (2020: 950,956), Deferred Shares of £0.09 each	85,586	85,586
	<u>103,952</u>	<u>103,952</u>

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.

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Notes to the Financial Statements For the Year Ended 31 December 2021

16 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.

17 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 2021 was £6,500,000 (2020: £8,500,000).

18 Operating lease commitments

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

	2021 £000	2020 £000
Expiry date		
Within 1 year	53	57
Between 2 and 5 years	-	53

19 Related party transactions

During the year, the total sales made to related parties amounted to £22,975 (2020: £16,195), purchases made from related parties amounted to £nil (2020: £nil) and the balance owed from related parties at 31 December 2021 was £3,060 (2020: £nil). In addition, the balance owed to related parties at 31 December 2021 was £2,340,000 (2020: £935,000).

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20 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.