

Oxford Instruments Industrial Products Limited

**Directors' report and financial
statements**

Registered number 1044063

31 March 2013

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Business review and principal activities

The Company is a wholly-owned subsidiary of Oxford Instruments plc ("OI plc") and operates as part of its Industrial Products sector

The Company operates as two divisions

Industrial Analysis division – a leading supplier of bench top analytical instruments designed for demanding quality control applications using X-ray Fluorescence (XRF) technology. Key applications include sulphur in fuel oils, cement and general elemental analysis in industry

Magnetic Resonance division – produces bench top equipment which can be used to analyse industrial and food products, particularly oils and fats. It also provides magnetic resonance analytical tools for the petrochemical industry, providing data to improve the efficiency of oil extraction

There have not been any significant changes in the Company's principal activities in the year under review. The Directors are not, at the date of this report, aware of any likely major changes in the Company's activities in the next year

The Industrial Products sector, of which the Company is a part of, invests in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the Company, as a part of the sector, in the medium to long-term future. This research and development activity has resulted in a number of updates to existing products and new product launches

Turnover for the year increased from £7,485,000 to £8,735,000. The company made a loss before tax of £1,924,000 (2012 profit of £134,000)

The balance sheet on page 9 of the financial statements shows the Company's financial position at the year-end

There have been no significant events since the balance sheet date that should be considered for a proper understanding of these financial statements

The Company manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Industrial Products sector of OI plc, which includes the Company, is discussed in OI plc's Annual Report, which does not form part of this Report

Principal risks and uncertainties

The Company faces increasing competitive pressures from new competitors entering the market place and from new types of X-ray detectors becoming widely available, these could result in it losing sales to its key competitors. To manage this risk, the Company strives to develop new high quality added-value products and services to its customers, prompt response times in the supply of products and services and in the handling of customer queries, and through the maintenance of strong relationships with customers

The Company sells products into international markets and it is therefore exposed to currency movements on such sales. Where appropriate, the Company manages this risk with forward foreign exchange contracts in line with OI plc's treasury policies

The Company's businesses may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks

The Company is a member of OI plc's multi-employer UK defined benefit pension plan, which is currently in deficit. The funding level of this pension plan is subject to adverse change resulting from movements in the actuarial assumptions underlying the calculation of plan liabilities, including decreasing discount rates and increasing longevity of plan members, as well as declines in the market value of plan investments. The UK pension plan is closed to new members and deficit-reduction contributions in addition to the normal cash contributions due are being made under the terms of a repayment schedule agreed with the plan Trustee. Significant adverse changes in the actuarial assumptions underlying the UK plan valuation and the Company's share of any deficit-reduction contributions made into the plan could materially impact the Company's trading results

Business review and principal activities *(continued)*

In August 2010, OI plc closed the scheme to future accrual and in doing so OI plc sought to mitigate the risk of pension fund liabilities rising. The alternative pension arrangements offered to the employees were cash neutral to OI plc and its subsidiaries.

The Group risks to which the Company is exposed are discussed in OI plc's Annual Report, which does not form part of this Report.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. The Company operates in accordance with Group policies, as noted in OI plc's Annual Report, which does not form part of this Report. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements.

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2013

The business review on pages 1 and 2 forms part of this Directors' report

Dividend

A dividend of £8,000,000 was paid during the year (2012 *£nil*)

Directors

The directors who held office during the year were as follows

K J Boyd
C J A Holroyd
D M Scott

D J Flint
T Curtis (resigned 24 July 2012)
R JG Clarke

Payment of suppliers

The Company does not follow a standard payment practice but agrees terms and conditions with each of its suppliers. Payment is then made to these terms, subject to terms and conditions being met by the supplier. The number of days' purchases outstanding at the year end was 123 days (2012 *143 days*) based on the average daily amount invoiced by suppliers to the Company during the year.

Disabled persons

It is the policy of the Company to give full and fair consideration to applications for employment from disabled persons, to continue, wherever possible, the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion are encouraged.

Employee participation

The Directors continue to encourage employee participation within the Company. Various methods for encouraging an open and participative style of communication have been introduced in recent years including team briefings, notice boards, and staff forums.

Equal opportunities

The Company is committed to equal opportunity for all, free of discrimination and harassment, in access to services and the workplace. All individuals will be treated equally, their different skills and experience will be acknowledged and promoted. The Company values the contribution of individuals irrespective of their disability, gender, ethnic or national origin, religion or religious beliefs, sexual orientation, marital status or age. This applies to all employment practices including recruitment, training and promotion. Wherever possible, we will assist disabled employees to enable them to work for the Company and maximise their contribution and performance.

Disclosure of information to auditor

The directors who held office at the date of approval of the directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to section 487 of Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



Susan Johnson-Brett
Secretary

27 September 2013

Tubney Woods
Abingdon
Oxon
OX13 5QX

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

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

We have audited the financial statements of Oxford Instruments Industrial Products Limited for the year ended 31 March 2013 set out on pages 8 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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:

Independent auditor's report to the members of Oxford Instruments Industrial Products Limited *(continued)*

- 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



Simon Haydn-Jones (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
One Snow Hill
Queensway
Birmingham
B4 6GH

30 September 2013

Profit and loss account
for the year ended 31 March 2013

		2013	2012
	Notes	£000	£000
Turnover	2	8,735	7,485
Cost of sales		(4,780)	(4,364)
Gross profit		3,955	3,121
Distribution costs		(2,518)	(2,986)
Administrative expenses		(3,364)	4
Operating (loss)/profit		(1,927)	139
Interest receivable/(payable)	6	3	(5)
(Loss)/Profit on ordinary activities before taxation	3	(1,924)	134
Tax on (loss)/profit on ordinary activities	7	297	22
(Loss)/Profit for the financial year	17	(1,627)	156

The Company has no recognised gains and losses other than the profit or loss on ordinary activities after taxation and therefore no statement of recognised gains has been presented. All figures relate to continuing operations.

The notes on pages 11 to 25 form an integral part of these financial statements.

Balance sheet
at 31 March 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Intangible assets	8	423	707
Tangible assets	9	191	186
Investments	10	49	49
		663	942
Current assets			
Stock	11	595	723
Debtors	12	4,908	17,216
Cash at bank and in hand		5,907	2,503
		11,410	20,442
Creditors: amounts falling due within one year	13	(3,202)	(2,994)
Net current assets		8,208	17,448
Total assets less current liabilities		8,871	18,390
Provisions for liabilities	14	(283)	(278)
Net assets		8,588	18,112
Capital and reserves			
Called up share capital	15	5,219	5,219
Share premium reserve	16	50	50
Profit and loss account	17	3,319	12,843
Shareholder's funds - equity		8,588	18,112

These financial statements were approved by the board of directors on 27 September 2013 and were signed on its behalf by

K Boyd
 Director



Reconciliation of movement in shareholder's funds
for the year ended 31 March 2013

	2013	2012
	£000	£000
Opening shareholder's funds	18,112	17,894
(Loss)/Profit for the financial year	(1,627)	156
Dividend paid	(8,000)	-
Credit in respect of employee share options	103	62
Closing shareholder's funds	8,588	18,112

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Under Financial Reporting Standard (FRS) 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

As the Company is a wholly owned subsidiary of Oxford Instruments plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Oxford Instruments plc, within which this Company is included, can be obtained from the address given in note 20.

Going concern

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

The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the Company's ultimate parent Oxford Instruments plc to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Oxford Instruments group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Oxford Instruments plc, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover, which excludes value added tax and similar sales based taxes, represents sales to external customers of products and services and is stated before commissions payable to agents. Turnover is recognised on shipment, except for service contracts. Turnover from contracts for maintenance and support is recognised on a pro rata basis over the contract period. Turnover recorded at the time of shipment includes an allowance for installation and the estimated warranty and installation costs are accrued in full at the same time. Warranty costs are based on the historical relationship between actual costs incurred and the relevant turnover exposure.

Goodwill

Purchased goodwill (representing the excess of fair value of the consideration given and associated costs over the fair value of the separable net assets acquired) is capitalised and amortised to nil by equal annual instalments over its estimated useful life.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies (continued)

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease

Fixed assets and depreciation

Depreciation is provided to write off the valuation or the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Machinery and equipment	-	10-20% per annum
Computer equipment	-	25% per annum
Furniture and fittings	-	10% per annum

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost, including materials, direct labour and an attributable proportion of production overheads, and net realisable value, net of payments on account. Provision is made for obsolete, slow moving and defective stock where appropriate in the light of recent usage, expected future requirements, new product introduction plans and likely realisable values

Pensions

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 Retirement benefits, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. Refer to note 18 for the additional disclosures required by FRS 17

Share-based payments

The share option programme allows employees to acquire shares of the ultimate Parent Company. The fair value of options granted after 7 November 2002 and those not yet vested as at 1 April 2005 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employee becomes unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting

Research and development

Research and development expenditure, net of grants receivable, is charged to the profit and loss account in the year in which it is incurred, unless it is receivable under a customer contract when it is carried forward as work in progress at the lower of cost and net realisable value

Foreign currencies

The Company enters into forward exchange contracts to mitigate the currency exposure that arise on sales and purchases denominated in foreign currencies. Transactions in foreign currencies are converted into sterling at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date or at the appropriate forward contract rates. Exchange profits and losses arising from the above are dealt with in the profit and loss account

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of the shareholders' funds) only to the extent that they meet the following two conditions

- i) they include no contractual obligation upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- ii) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividend policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Analysis of turnover

All activities of the Company are within one class of business originating from the UK. An analysis of geographical turnover by market is given below.

By destination	2013 £000	2012 £000
United Kingdom	895	1,121
Europe	1,384	610
USA and Canada	3,655	2,774
Japan	274	553
Rest of Far East	1,500	1,372
Other	1,027	1,055
	8,735	7,485

3 (Loss)/Profit on ordinary activities before taxation

<i>(Loss)/Profit on ordinary activities before taxation is stated after charging</i>	2013 £000	2012 £000
Amounts receivable by the auditor and their associates in respect of		
Audit of these financial statements	13	12
Research and development	1,995	2,003
Hire of plant and machinery – rentals payable under operating leases	72	49
Depreciation of tangible fixed assets - owned	77	103
Amortisation of intangibles	284	284

Administrative expenses include a charge of £103,000 (2012 £62,000) in respect of the cost of providing share options in the parent company. The cost is calculated by estimating the fair value of the option at grant date and spreading that amount over the vesting period. Further details of the assumptions used in these calculations are given below.

Notes (continued)

3 Profit on ordinary activities before taxation (continued)

The company, as part of the wider Oxford Instruments plc group, operates two share option schemes

Executive Share Option Scheme (ESO)

Options awarded under the Executive Share Option scheme are made annually to certain senior managers. The exercise prices are determined according to the mid-market closing share price on the day before the date of grant. Options have a life of 10 years and a vesting period of 3 years.

All employee Share Incentive Plan (SIP)

All UK employees are eligible to participate in the Group's HM Revenue and Customs approved SIP. Participating employees make a cash contribution to the plan each month. The Group contributes a further amount equal to 20% of the employee's contribution. Independent trustees then purchase matching shares in the market on behalf of the employees. The matching shares vest on the completion by the participating employee of a further three years service and can be withdrawn from the plan tax-free after 5 years service.

Fair values are determined using an internal calculation based on a modified Black-Scholes model. Expected volatility has been based on historical volatility over a period of time of the same length as the expected option life and ending on the grant date. Half of the ESO options issued before 2009 use Total Shareholder Return (TSR) as a performance condition. As TSR is a market based performance condition, the accounting treatment differs from that for shares subject to non-market performance conditions. This means that the TSR performance conditions have been incorporated into the calculation of the fair value as a discount in calculating the fair value.

Executive Share option Scheme

	December 2012	December 2011	January 2011	December 2009	December 2008	September 2007	September 2006	July 2006
Fair value at measurement date	516 0p	359 8p	247 9p	49 4p	23 8p	51 3p	44 6p	46 6p
Share price	£13 85	£9 90	£7 05	£2 03	£1 33	£2 30	£2 05 ¹ / ₂	£2 10
Exercise price	£13 88	£9 90	£7 05	£2 03 ¹ / ₂	£1 35	£2 32	£2 03 ³ / ₄	£2 10
Expected volatility	40 6%	40 2%	37 6%	35 3%	34 4%	30 2%	33 5%	34 3%
Expected option life (expressed as weighted average life used in the modelling)	6 years	6 years	6 years	6 years	6 years	6 years	6 years	6 years
Expected dividend yield	0 7%	0 9%	1 2%	4 1%	6 3%	3 7%	4 1%	4 0%
Risk free interest rate	1 2%	1 3%	2 4%	3 0%	3 0%	5 8%	4 6%	4 7%
Performance condition discount in respect of TSR condition	100%	100%	n/a	n/a	n/a	33 7%	31 4%	33 6%

Notes (continued)

3 Profit on ordinary activities before taxation (continued)

The Executive Share Option Scheme has been valued using a modified Black-Scholes

The number and weighted average exercise prices of share options are as follows

	Weighted average exercise price 2013	Number of options 2013	Weighted average exercise price 2012	Number of options 2012
Outstanding at the beginning of the period	£4.83	32,779	£2 79	16,328
Granted during the year	£12.81	29,325	£9 17	49,230
Forfeited during the year	-	-	-	-
Exercised during the year	£1.81	(42,864)	£1 27	(29,320)
Lapsed during the year	-	-	£1 68	(3,459)
Outstanding at the year end	£8 47	19,240	£4 83	32,779

4 Remuneration of directors

	2013 £000	2012 £000
Directors' emoluments	166	237
Company contributions to money purchase pension schemes	18	11

There were no (2012 nil) directors to whom retirement benefits was accruing under the Group defined benefit scheme. One (2012 two) director has retirement benefits accruing under a money purchase scheme.

The aggregate of emoluments of the highest paid director was £166,000 (2012 £223,000). He is not a member of a defined benefit scheme. He exercised 33,000 (2012 2,500) share options during the year.

Certain directors receive no remuneration from the company for their services, and their costs are borne by another Group entity.

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2013	2012
Production	12	11
Sales and marketing	28	22
Research and development	19	18
Administration	11	10
	70	61

The aggregate payroll costs of these persons were as follows

	2013	2012
	£000	£000
Wages and salaries	3,903	3,435
Social security costs	464	409
Other pension costs	165	136
	4,532	3,980

6 Interest receivable/(payable)

	2013	2012
	£000	£000
Bank interest receivable/(payable)	3	(5)

Notes (continued)

7 Taxation

	£000	2013 £000	£000	2012 £000
UK corporation tax				
Current tax on income for the period	-		-	
Adjustment in respect of prior periods	3		119	
Foreign tax				
Current tax on income for the period	(271)		(12)	
Total current tax		(268)		107
Deferred tax (see note 14)				
Origination of timing differences	579		(35)	
Effect of change in tax rates	(59)		(72)	
Adjustments in respect of earlier periods	45		22	
Total deferred tax		565		(85)
Tax on profit on ordinary activities		297		22

Factors affecting the current tax charge for the period

The current tax charge is higher (2012 lower) than the standard rate of corporation tax in the UK of 24% (2012 26%). The differences are explained below

	2013 £000	2012 £000
Profit on ordinary activities before tax	(1,924)	134
Profit on ordinary activities before tax at standard tax rate of 24% (2012 26%)	(462)	35
Effects of		
Expenses not deductible for tax purposes	70	80
Accounting depreciation in excess of tax depreciation	19	(35)
Overseas taxes	271	12
Research and development tax credits	(62)	(36)
Net benefit in respect of share based payments	(91)	(39)
Tax losses not utilised	526	-
Adjustments to tax charge in respect of previous periods	(3)	(119)
Tax losses surrendered / (received) for no payment	-	(5)
	268	(107)

Factors that may affect future, current and total tax charges

On 20 March 2013 the Chancellor announced that the UK corporation tax rate will reduce to 20% by 1 April 2015. A reduction in the rate from 25% to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012 and a further reduction to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 31 March 2013 (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date).

Notes *(continued)*

8 Intangible fixed assets

	Goodwill £000
Cost	
At the beginning and end of the year	2,838
Amortisation	
At the beginning of year	2,131
Charge for the year	284
At the end of year	2,415
Net book value	
At 31 March 2013	423
At 31 March 2012	707

9 Tangible fixed assets

	Plant and machinery £000	Total £000
Cost		
At the beginning of year	508	508
Additions	82	82
Disposals	(64)	(64)
At the end of year	526	526
Depreciation		
At the beginning of year	322	322
Charge the for year	77	77
Eliminated on disposal	(64)	(64)
At the end of year	335	335
Net book value		
At 31 March 2013	191	191
At 31 March 2012	186	186

Notes (continued)

10 Investments

	2013 £000
Cost	
At beginning and end of year	50
Provisions	
At beginning and end of year	1
Net book value	
At beginning and end of year	49

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

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Oxford Instruments NanoAnalysis Ltd	England and Wales	Dormant	100% Ordinary
Oxford Instruments Measurement Systems GmbH (Wiesbaden) (formerly Link Analytical GmbH (Wiesbaden))	Germany	Advanced instrumentation	100% Ordinary

11 Stock

	2013 £000	2012 £000
Raw materials and consumables	359	408
Work in progress	164	160
Finished goods	72	155
	595	723

Notes (continued)

12 Debtors

	2013	2012
	£000	£000
Amounts falling due within year:		
Trade debtors	925	721
Amounts owed by group undertakings	2,340	14,917
Other debtors	163	258
Prepayments and accrued income	37	42
Corporation tax	-	400
Deferred tax (see below)	1,443	878
	4,908	17,216
Deferred tax asset		
At beginning of year	878	963
Transfer (to)/from profit and loss account	565	(85)
At the end of the year	1,443	878

The deferred tax asset comprises the following elements

	2013 Recognised £000	2013 Unrecognised £000	2012 Recognised £000	2012 Unrecognised £000
Excess of depreciation over corresponding capital allowances	261	-	195	-
Carried forward losses	1,141	-	666	-
Short term timing differences	41	-	17	-
At end of the year	1,443	-	878	-

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

Notes (continued)

13 Creditors: amounts falling due within one year

	2013	2012
	£000	£000
Payments received on account	235	661
Trade creditors	1,198	895
Amounts owed to group undertakings	49	46
Other creditors including taxation and social security	143	179
Accruals and deferred income	1,577	1,213
	3,202	2,994

14 Provisions for liabilities

	Warranty	Total
	£000	£000
At beginning of year	278	278
Additional provision made in year	185	185
Utilised in the year	(99)	(99)
Released in the year	(81)	(81)
At the end of the year	283	283

The warranty provision reflects the Company's standard terms and conditions. In general these apply for a year and, as a result, the majority of the provision is expected to be utilised within a twelve month period.

15 Called up share capital

	2013	2012
	£000	£000
<i>Allotted, called up and fully paid</i>		
5,219,175 ordinary £1 shares	5,219	5,219

16 Share premium reserve

	£000
At 31 March 2012 and 31 March 2013	50

Notes (continued)

17 Profit and loss account

	2013 £000	2012 £000
At the beginning of year	12,843	12,625
Retained profit for the financial year	(1,627)	156
Dividend paid	(8,000)	-
Credit in respect of employee share options	103	62
At the end of year	3,319	12,843

18 Pension commitments

The Company and its employees contribute to the Oxford Instruments Pension Scheme, a defined benefit scheme. Contributions are based on pension costs across the Group as a whole. The assets of the Scheme are held in a separate trustee administered fund.

The Oxford Instruments Pension Scheme was closed to new members from 1 April 2001. Since this date new employees have been invited to join the Oxford Instruments Stakeholder Plan, a defined contribution scheme.

During the previous year the scheme was closed to future accrual.

The Directors do not believe it possible to allocate the assets and liabilities of the scheme to individual group members on a consistent and responsible basis. Accordingly, under FRS 17 the Company is exempt from recognising its share of the net pension deficit and accounts for the scheme as though it were a defined contribution scheme. The following disclosures relate to the pension commitments for the whole scheme as presented in the Group's financial statements.

The latest actuarial valuation was carried out at 31 March 2012 by a qualified independent actuary, and has been updated to 31st March 2013 by a qualified independent actuary.

The major assumptions used by the actuary were (in nominal terms)

	At 31 March 2013 %	At 31 March 2012 %
Rate of increase in salaries	n/a	n/a
Rate of increase in pensions in payment (pre 1997)	2.5	2.4
Rate of increase in pension in payment (post 1997)	3.2	3.1
Discount rate	4.5	4.9
Inflation assumptions	2.35	2.25

Notes (continued)

18 Pension commitments (continued)

	Long term rate of return expected at 31 March 2013 %	Value 31 March 2013 £m	Long term rate of return expected at 31 March 2012 %	Value 31 March 2012 £m	Long term rate of return expected at 31 March 2011 %	Value at 31 March 2011 £m	Long term rate of return expected at 31 March 2010 %	Value at 31 March 2010 £m
Equities	7.9	67.2	7.9	48.6	7.9	64.3	8.0	53.2
Corporate bonds	4.5	41.6	4.9	45.1	5.6	45.8	5.6	41.6
Gilts	3.1	51.4	3.5	47.2	4.4	33.7	4.5	31.3
Cash	3.1	12.1	3.5	24.4	4.4	13.5	4.5	16.6
Alternative	7.2	18.3	7.3	8.3	7.2	9.2	7.3	9.0
Total market value of assets		190.6		173.6		166.5		151.7
Present value of scheme liabilities		(235.5)		(206.3)		(177.1)		(183.7)
Deficit in the scheme		(44.9)		(32.7)		(10.6)		(32.0)
Related deferred tax asset*		10.3		7.8		3.0		9.0
Net pension liability		(34.6)		(24.9)		(7.6)		(23.0)

* Based on 23% (2012 24%) rate of tax

The ordinary contributions paid to the defined benefit scheme by the Company were £nil (2012 £nil)

The contributions paid to the defined contribution scheme by the Company were £165,000 (2012 £136,000)

A special contribution of £117,000 (2012 £105,000) was paid into the defined benefit scheme by the Company

19 Commitments

Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2013 Other £000	2012 Other £000
Operating leases which expire		
Within one year	6	9
In the second to fifth years inclusive	74	44
	80	53

Capital commitments

At 31 March 2013 capital commitments authorised were £21,000 (2012 £6,000) and £31,000 (2012 £nil) contracted for

Notes *(continued)*

20 Immediate and ultimate holding company

The Company's immediate holding company is Oxford Instruments Industrial Products Holdings Limited, a company registered in England and Wales

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