Company Registration No. 00969297

KAVO DENTAL LIMITED

Report and Financial Statements

31 December 2018

KAVO DENTAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

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KAVO DENTAL LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Aghdaei
K Ward
H Witte

REGISTERED OFFICE

3 Furzeground Way
Stockley Park
Uxbridge
UB11 1EZ
United Kingdom

BANKERS

HSBC Bank plc
27th Floor
8 Canada Square
London
E14 5HQ
United Kingdom

AUDITORS

Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU
United Kingdom

KAVO DENTAL LIMITED

STRATEGIC REPORT

REVIEW OF BUSINESS

The principal activity of the company during the year was that of wholesalers and retailers of equipment and instruments to the dental profession.

The company continues to focus on four principal divisions comprising Instruments, which include dental and laboratory handpieces, Imaging for both conventional and digital X-ray equipment, High-Tech laboratory equipment for diagnostic and restoration purposes and Equipment, with its wide range of chair treatment units.

Total sales revenue for the year including other inter-company sales was £7,681,000 resulting in a 8% increase over 2017 sales of £7,130,000.

Profits before tax for the year at £3,001,140 were 124% higher than 2017 profits of £1,339,000. The increase in profit was mainly driven by a sale of investments.

The Company distributed dividends for £13,000,000 during 2018

The company's key financial and other performance indicators were as follows:

	2018	2017	Change
	£000	£000	%
Turnover	7,681	7,130	8%
Gross profit	2,570	2,866	(10%)
Profit/(loss) before tax	3,001	1,339	124%
Average number of employees	13	18	(27%)

PRINCIPAL RISKS AND UNCERTAINTIES

The current year presented the company with similar demanding challenges due to the continued effects of the UK recession on dentist revenues. Whilst market conditions and resultant competitive price pressure remain a challenge the business is well positioned to respond to any positive upturn in economic conditions. The company's activities expose it to a number of financial risks including credit risk, cash flow risk, liquidity risk and competitor risk.

The company's credit risk is primarily attributable to its trade receivables. The amount presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is identified loss event which, based on the previous experience, is evidence of a reduction in the value of future cash flows.

Liquidity risk the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Danaher UK cash pool arrangement mitigates this risk.

Competitor risk is the risk of competitor pricing and product development impacting a company's performance. This is mitigated through investment by the group in product development and detailed market analysis.

KAVO DENTAL LIMITED

STRATEGIC REPORT

FUTURE DEVELOPMENTS

The company continues to sell equipment and instruments to the dental profession and anticipates that it will continue to contribute to the group.

On behalf of the Board

Henner Witte

Director

Date: 20/09/2019

KAVO DENTAL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The profit for the year after taxation is £2,998,000 (2017: £1,339,000).

DIRECTORS

The directors who served during the year were as follows:

A. Aghdaei
H. Witte
K. Ward

GOING CONCERN

The company is part of the Danaher UK group cash pool arrangement. As part of the group cash pool arrangement, each company has entered into unlimited cross guarantees in respect of bank borrowings with fellow participating companies. Each company is also subject to an indemnity offered by Danaher Corporation for all participating companies (for the period during which they remain wholly owned subsidiaries of Danaher Corporation), such that any liability falling on the company as a result of the borrowings from the bank of any other party to the cash pool arrangement will be borne by Danaher Corporation in the event of default.

The company is trading profitably with positive cash flow and strong balance sheet. The group cash pool arrangement in the UK is also available if the company requires immediate access to cash funds to meet its liabilities as they fall due.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving the directors' report are listed on page 3. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

THIRD PARTY INDEMNITIES

Danaher Corporation has provided to all directors limited indemnities in respect of the cost of defending claims against them and third party liabilities. These are all third party indemnity provisions for the purpose of the Companies Act 2006 and are all currently in force.

KAVO DENTAL LIMITED

DIRECTORS' REPORT

AUDITORS

In accordance with s. 485 of the Companies Act 2006 a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Henner Witte

Director

Date: 20/09/2019

STATEMENT OF DIRECTOR'S RESPONSIBLITIES

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced disclosure framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 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.

INDEPENDENT AUDITOR'S REPORT THE MEMBERS OF KAVO DENTAL LIMITED

Opinion

We have audited the financial statements of Kavo Dental Limited for the year ended 31 December, 2018 which comprise the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit 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 below. 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.

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 authorized for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT THE MEMBERS OF KAVO DENTAL 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 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 or directors' report.

We have nothing to report in respect of the following matters in relation to which 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 7, 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.

INDEPENDENT AUDITOR'S REPORT THE MEMBERS OF KAVO DENTAL LIMITED

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 https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Ernst & Young LLP

Fraser Bull (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: 23 September 2019

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Note	2018 £000	2017 £000
TURNOVER	3	7,681	7,130
Cost of sales		(5,111)	(4,264)
GROSS PROFIT		2,570	2,866
Distribution costs		(28)	(32)
Administrative expenses		(2,436)	(2,681)
OPERATING PROFIT / (LOSS)	4	106	153
Profit on disposal of fixed assets or investment		2,881	1,176
Interest receivable and similar income	6	14	10
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,001	1,339
Tax (charge) / credit on profit on ordinary activities	7	(3)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION, AND TOTAL COMPREHENSIVE INCOME		2,998	1,339

The accompanying notes are an integral part of this statement of comprehensive income.

All activities derive from continuing operations.

KAVO DENTAL LIMITED

Registered number 00969297

BALANCE SHEET
At 31 December 2018

	Note	2018	2017
		£000	£000
FIXED ASSETS			
Tangible assets	8	2	33
Investments	9	-	8,619
		2	8,652
CURRENT ASSETS			
Stock	10	8	386
Debtors			
- due within one year	11	2,755	2,253
Deferred tax	7	12	15
Cash at bank and in hand		323	3,445
		3.098	6,099
CREDITORS: amounts falling due within one year	12	(865)	(2,514)
NET CURRENT ASSETS		2,233	3,585
TOTAL ASSETS LESS CURRENT LIABILITIES		2,235	12,237
NET ASSETS		2,235	12,237
CAPITAL AND RESERVES			
Called up share capital	13	-	1,050
Profit and loss account		2,235	11,187
TOTAL SHAREHOLDERS' FUNDS		2,235	12,237

These financial statements were approved by the Board of Directors on 20/09/2019

Signed on behalf of the Board of Directors

Henner Witte

Director

The accompanying notes are an integral part of this balance sheet.

KAVO DENTAL LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Note	Called-up share capital £000	Profit and loss account £000	Total Shareholders funds £000
At 1 January 2017		1,050	9,848	10,898
Profit and total comprehensive income for the year		-	1,339	1,339
31 December 2017		1,050	11,187	12,237
Dividend payment			(13,000)	(13,000)
Capital reduction		(1,050)	1,050	-
Profit and total comprehensive income for the year		-	2,998	2,998
At 31 December 2018		-	2,235	2,235

The accompanying notes are an integral part of this statement of changes in equity.

KAVO DENTAL LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2018

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS101

The financial statements of KAVO Dental Limited (the "Company") were authorised for issue by the board of directors on 20 September 2019 and the balance sheet was signed on the board's behalf by Henner Witte. KAVO Dental Limited is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of KAVO Dental Limited are included in the consolidated financial statements of Danaher Corporation which are available from 2200 Pennsylvania Avenue Suite 800 West, Washington DC 20037, USA.

The principal accounting policies adopted by the Company are set out in note 2.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The Company prepares its financial statements in accordance with FRS 101 reduced disclosure framework.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 *Financial Instruments: Disclosures,*
(b) the requirements of paragraphs 91-99 of IFRS *13 Fair Value Measurement*
(c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
  (iii) paragraph 118(e) of IAS 38 *Intangible Assets;*
(d) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 111, and 134-136 of IAS 1 Presentation of Financial Statements;
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
(i) the requirements of paragraphs 130(f)(ii)-130(f)(iii)) of IAS 36 Impairment of Assets

2.2. CHANGES IN ACCOUNTING STANDARDS

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 January 2018 and have had an effect on the financial statements:

IFRS 15 Revenue from Contracts with Customers

The company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The standard has resulted in clarification of the revenue recognition accounting policies as detailed below in the revenue recognition policy.

IFRS 15 establishes a five step model to account for revenues arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring services or goods to a customer. However, no adjustments were required for the comparative period profit and loss account or to the amounts recognised in the balance sheet at the date of initial application (1 January 2018) and the beginning of the earliest period presented (1 January 2017).

IFRS 9 Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in the clarification of the accounting policies, which are set out below, but no changes in the amounts included in the financial statements. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

The company's trade receivables for sales of stock are subject to IFRS 9's new expected credit loss model, and the company was required to revise its impairment methodology under IFRS 9 for this class of assets. The impact of the change in impairment methodology on the company's retained earnings and equity is not considered to be material.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was also considered to be immaterial.

None of the other standards, interpretations and amendments effective for the first time from 1 January 2018 have had a material effect on the financial statements.

IFRS 16 Leases

IFRS16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires the lessees to account for all leases in the Statement of Financial Position in a similar way to the accounting treatment prescribed in IAS17 for finance leases. The company is continuing to evaluate the impact of adopting IFRS 16, and expects the new standard to have a significant impact on the financial statements. The company expects to apply the modified retrospective approach, with an adjustment to equity at 1 January 2019 and no adjustment to comparatives.

Transition will require the company's lease arrangements to be presented in the Balance Sheet, and adoption will impact on noncurrent assets and liabilities, together with certain measures of profitability.

Following transition IFRS16 will, at the commencement of a new lease, require the lessee to recognise a liability for future lease payments, and an intangible asset representing the right to use that asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability, and the

2.2. CHANGES IN ACCOUNTING STANDARDS (Continued)

IFRS 16 Leases (continued)

amortisation expense on the right of use asset in profit and loss account.
Disclosure of the nature of the company's existing operating leases, as well as the aggregate of the company's operating lease commitments on a gross basis is provided in note 18 to these financial statements

2.3 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The directors have concluded that there are no significant judgements or estimates that could have a material impact on the financial statements.

2.4 SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

On January 1, 2018 the Company adopted IFRS 15 Revenue from Contracts with Customers. The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The adoption of IFRS 15 did not have an impact on the Company's Financial Statements as of and for the year ended December 31, 2018 and, as a result, comparisons of revenues and operating profit performance between periods are not affected by the adoption of this standard.

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Rendering of services
Revenue from maintenance and service agreements is recognised over the period in which the maintenance services are rendered.

Interest income
Revenue is recognised as interest accrues using the effective interest method.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

Buildings	over 30 to 50 years
Plant and equipment	over 2 to 5 years
Demonstration Inventory	over 5 years

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets (Continued)

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Investments

Investments are stated at cost less impairment.

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

Foreign currency

The company's financial statements are presented in sterling, which is also the company's functional currency. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the balance sheet date. All exchange differences are included in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Leases are classified as either finance or operating leases. Leasing transactions that transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee are classified as finance leases. All other leasing agreements are classified as operating leases.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Provision for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised; and
- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial asset – recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss or at fair value through other comprehensive income*

There are no instruments which have been classified under this category.

(b) *Financial assets at amortised cost*

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

• the asset is held within a business model whose objective is to collect the contractual cash flows, and
• the contractual terms give rise to cash flows that are solely payments of principal and interest.

This category is the most relevant to the company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Impairment of financial assets

In accordance with IFRS 9, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities,

deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For trade and other receivables, the company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities - recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities comprise of trade creditors, amounts owed to group undertakings and bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) *Financial liabilities at fair value through profit or loss*

(b) *Loans and borrowings*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The company does not have any financial liabilities which are subsequently re-measured at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3. TURNOVER AND SEGMENTAL INFORMATION

	2018	2017
	£000	£000
Turnover by destination		
United Kingdom	7,667	6,966
Europe	14	164
	7,681	7,130

No revenue was derived from the exchanges of goods or services .

4. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after charging / (crediting):

	2018	2017
	£000	£000
Depreciation of tangible fixed assets - owned	9	31
Operating lease rentals		
- land and buildings	-	3
- plant and machinery	-	58
Cost of stocks recognised as an expense (included in cost of sales)	5,111	4,264
Write-down of stocks to net realisable value	-	-
Auditors' remuneration – audit services	32	33
Exchange differences	81	52

KAVO DENTAL LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2018

5. STAFF COSTS

(a) Staff costs

	2018	2017
	£000	£000
Staff costs during the year		
Wages and salaries	1,126	1,306
Social security costs	144	142
Other pension costs	145	-
	1,415	1,448

	2018	2017
	No.	No.
Average numbers of persons employed		
Sales and distribution	12	15
Administration	1	2
	13	17

At the balance sheet date there were no unpaid pension contributions of (2017: £nil) in respect of the defined contribution scheme.

(b) Directors' emoluments	2018	2017
	£000	£000
The following disclosures are in respect of qualifying services provided by the directors of the company		
Aggregate emoluments in respect of qualifying services	-	146
Aggregate value of contributions paid by the company to money purchase pension schemes	-	-
Number of directors accruing benefits under money purchase schemes	-	-

The service of A Aghdaei and K Ward to this company are of a non-executive nature and their emoluments are deemed to be wholly attributable to qualifying services to other group companies. Accordingly, these financial statements include no emoluments in respect of the directors A Aghdaei and K Ward (2017: £nil).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£000	£000
Bank interest receivable	14	10
	14	10

7. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

(a) Tax charged to profit or loss in the statement of comprehensive income

	2018	2017
	£000	£000
Current tax		
UK corporation tax at the standard rate of 19.00%	-	-
Adjustment in respect of prior years	-	-
Withholding tax	-	-
	-	-
Deferred tax		
Charge / (credit) to the profit and loss account	3	-
Adjustment in respect of prior periods	-	-
Adjustment in respect of change in tax rates	-	-
	3	-
Taxation charge / (credit) for the year	3	-

(b) Reconciliation of the total tax charge

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19.00% (2017: 19.25%). The actual tax charge for the year differs from the standard rate of UK corporation tax for the reasons set out in the following reconciliation.

	2018	2017
	£000	£000
Profit / (loss) before tax	3,001	1,339
Tax on profit / (loss) on ordinary activities at standard UK corporation tax rate of 19.00% (2017: 19.25%)	570	258
Effects of:		
(Income)/expenses not (taxable)/deductible for tax purposes	(557)	(248)
Differences in tax rates	2	-
Chargeable gains	-	2
Group relief	(12)	(12)
Total tax charge reported in the income statement	3	-

Details of recognised and unrecognised deferred tax assets are shown below.

KAVO DENTAL LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2018

(c) Change in Corporation Tax rates

The Summer Finance Act 2015 included legislation to reduce the main rate of corporation tax to 17% effective from 1 April 2017. The Finance Act 2016 included legislation to reduce the main rate of corporation tax to 17% effective from 1 April 2020.

Under FRS 101, deferred tax should be measured using the tax rates that are expected to apply to the reversal of the timing differences. As such, deferred tax has been calculated at 19%.

(d) Deferred tax

	2018	2017
	£000	£000
Deferred tax asset/(liability) as at 1 January	15	15
(Charge)/credit to the Income Statement	(3)	-
Adjustment in respect of prior years	-	-
Deferred tax asset/(liability) as at 31 December	12	15

The deferred tax included in the company balance sheet is as follows:

	2018	2017
	£000	£000
Deferred tax liability		
	-	-
	-	-
Deferred tax asset		
Fixed assets	12	15
Trade losses	-	-
Short term timing differences	-	-
	12	15
Disclosed on the balance sheet		
Deferred tax asset	12	15
Deferred tax liability	-	-

KAVO DENTAL LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2018

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings	Fixtures, fittings, plant & machinery	Demo Inventory	Total
	£000	£000	£000	£000
Cost				
At 1 January 2018	-	27	215	232
Additions	-	-	-	-
Disposals	-	-	(215)	(215)
At 31 December 2018	-	27	-	27
Depreciation				
At 1 January 2018	-	16	193	209
Charge for the year	-	9	-	9
Disposals	-	-	(193)	(193)
At 31 December 2018	-	25	-	25
Net book value				
At 31 December 2018	-	2	-	2
At 1 January 2018	-	11	-	11

9. INVESTMENTS

	Investments
	£000
Cost	
At 1 January 2018	8,619
Additions	-
Disposals	(8,619)
At 31 December 2018	-
Impairment	
At 1 January 2018	-
Charge for the year	-
Disposals	-
At 31 December 2018	-
Net book value	
At 31 December 2018	-
At 1 January 2018	8,619

The company held a minority interest in Beckman Holdings Limited, which was sold in December 2018.

10. STOCKS

	2018	2017
	£000	£000
Finished goods and goods for resale	8	386
	8	386

The estimated replacement cost of stock does not differ significantly from the above.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£000	£000
Trade debtors	2,470	2,100
Amounts owed by other group undertakings	271	69
Other debtors	12	74
Prepayments and accrued income	2	10
	2,755	2,253

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£000	£000
Trade creditors	7	204
Amounts owed to other group undertakings	93	1,517
Other taxation and social security	367	339
Other creditors	38	37
Accruals and deferred income	360	417
	865	2,514

13. CALLED UP SHARE CAPITAL

	2018	2017
	£000	£000
Called up, allotted and fully paid		
1,050,000 ordinary shares of £1 each (2017: 1,050,000)	1,050	1,050
(1,049,999) reduction ordinary shares of £1 each (2018: 1,050,000)	(1,050)	-
	-	1,050

Following the Capital reduction, the Company has 1 Ordinary share of £1 remaining.

14. OPERATING LEASE AGREEMENTS WHERE COMPANY IS LESSEE

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Land and buildings 2018	Other 2018	Land and buildings 2017	Other 2017
	£000	£000	£000	£000
Not later than one year	-	37	-	3
After one year but not more than five years	-	72	-	58
After five years	-	-	-	-
	-	109	-	61

Material operating lease agreements are car leasing contracts.

15. PENSION ARRANGEMENTS

Defined contribution schemes

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. There are no unpaid contributions outstanding at the year end.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Kerr UK Limited, a company incorporated in the United Kingdom.

The ultimate parent undertaking and controlling party is Danaher Corporation, a company incorporated in the USA.

The largest and smallest group in which the results of the company are consolidated is Danaher Corporation, a company incorporated in the USA. The consolidated financial statements of this group are available to the public and may be obtained from 2200 Pennsylvania Avenue, Suite 800 West, Washington DC 20037, USA.

17. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.