

Company Registration No. 2807736

MOLECULAR DEVICES (UK) LIMITED

Report and Financial Statements

31 December 2018

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MOLECULAR DEVICES (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

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MOLECULAR DEVICES (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

K G Ward
G M Milosevich
T Illiano

SECRETARY

T Lowe

REGISTERED OFFICE

660-665 Eskdale Road
Winnersh Triangle
Wokingham
Berkshire
RG41 5TS
United Kingdom

BANKERS

HSBC PLC
8 Canada Square
London
E14 5HQ
United Kingdom

AUDITORS

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

MOLECULAR DEVICES (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2018

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

The company sells and performs repairs and servicing of proprietary, high-performance bio-analytical measurement systems and associated consumable reagents that are developed by Molecular Devices LLC, a company that is incorporated in the United States of America (the Parent). The products are used in many aspects of the therapeutic development process, from drug discovery and clinical research through manufacturing and quality control.

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

KPI	2018 £000	2017 £000	Change % on annualised basis
Turnover	22,483	24,819	-9.4%
Total operating profit	668	2,335	-71.4%

Total revenue decreased during 2018 by £2.34m (-9.4%) and was driven entirely by instrument sales - £2.84m (-21.4%). Gains in other income streams helped to reduce the deficit – Software (+4.7%), Service (+3.2%) and consumables (+8.0%). In turn, Gross profit also reduced and more sharply, due to much higher service costs caused by headcount increases. The outlook for 2019 is much more positive with a return to double digit organic revenue growth. In addition, we have acquired Forté Bio, a division of Pall Corporation, and formed a Biologics business unit, which will bring incremental revenue of c. £6.5m per annum.

PRINCIPAL RISKS AND UNCERTAINTIES

Foreign currency risk

The company has transactional currency exposures which arise from sales in currencies other than its functional currency as well as the currency risk associated with inter-company transactions in various currencies. Potential exposures to foreign currency exchange rate movements are monitored monthly.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in Note 12 to the financial statements. The company has a large customer base of varying size and risk which covers a large geographical area and therefore this minimises the impact should a debtor default on its terms.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company joined a group cash pooling arrangement during the year to mitigate liquidity risk.

MOLECULAR DEVICES (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board and agreed with the parent company are implemented by the company's finance department.

Cash flow risk

Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance day-to-day operations of the company. The company manages cash flow risk by careful negotiation of terms with customers, suppliers and affiliates, to maintain available funds to meet its liabilities as they fall due. The company has no external loan debt and accordingly has no significant interest risk.

FUTURE DEVELOPMENTS

The company continues to sell and perform repairs and servicing on its specialist equipment and anticipates that it will continue to contribute to the group.

On behalf of the Board



Keith Ward

Date: 25 October 2019

MOLECULAR DEVICES (UK) 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, amounted to £575,000 (2017: £2,315,000). No ordinary dividends were paid during the year (2017: £nil) or are proposed.

DIRECTORS

The directors who served during the year were as follows:

K G Ward

G M Milosevic

T Illiano

FUTURE DEVELOPMENTS

Covered within the Strategic report review of the business section.

GOING CONCERN

The company's business activities together with its performance are set out in the review of the business on page 2. In addition the principle risks and uncertainties below include the company's objectives and policies for managing its financial risks.

The company is expected to generate positive cash flows for the foreseeable future, has reasonable financial resources and has a large number of customers across different geographic areas and sectors. 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. 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. The cash position of the UK group as a whole is strong and therefore the company should have access to sufficient operating funds when necessary. As a result, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources 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.

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 1. Having made enquiries of fellow directors and of the company's auditors, the directors confirm that:

- to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- they have 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.

MOLECULAR DEVICES (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

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

A handwritten signature in black ink, appearing to be 'K Ward', with a stylized, looped initial 'K' and a horizontal stroke at the end.

K Ward

Director

Date: 25 October 2019

MOLECULAR DEVICES (UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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). 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 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 AUDITORS REPORT TO THE MEMBERS OF MOLECULAR DEVICES (UK) LIMITED

Opinion

We have audited the financial statements of Molecular Devices (UK) Ltd 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 21, 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 authorised 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.

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

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF MOLECULAR DEVICES (UK) LIMITED (CONTINUED)

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 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

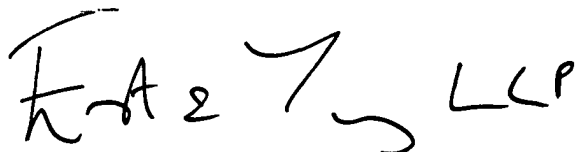
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF MOLECULAR DEVICES (UK) LIMITED (CONTINUED)

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

A handwritten signature in black ink, appearing to read 'Fraser Bull', followed by 'LLP'.

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

30 October 2019

MOLECULAR DEVICES (UK) LIMITED

INCOME STATEMENT

For the year ended 31 December 2018

	Note	2018 £000	2017 £000
TURNOVER	3	22,483	24,819
Cost of sales		<u>(15,332)</u>	<u>(15,995)</u>
GROSS PROFIT		7,151	8,824
Sales and Distribution costs		(5,423)	(5,113)
Administrative expenses		<u>(1,060)</u>	<u>(1,376)</u>
OPERATING PROFIT	4	668	2,335
Interest receivable and similar income	6	48	63
Interest payable and similar charges	7	<u>(51)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		665	2,398
Tax credit/(charge) on profit on ordinary activities	8	<u>(90)</u>	<u>(83)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION, AND TOTAL COMPREHENSIVE INCOME		<u>575</u>	<u>2,315</u>

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

All activities derive from continuing operations.

MOLECULAR DEVICES (UK) LIMITED

Registered number 2807736

BALANCE SHEET At 31 December 2018

	Note	2018 £000	2017 £000
NON CURRENT ASSETS			
Intangible assets	9	203	241
Tangible assets	10	1,660	2,137
Investment	13	13,243	6,565
Deferred tax	8	246	304
		<u>15,352</u>	<u>9,247</u>
NET CURRENT ASSETS			
Stock	11	612	471
Debtors			
- due within one year	12	7,734	11,180
Cash at bank and in hand		<u>520</u>	<u>350</u>
		8,866	12,001
CREDITORS: amounts falling due within one year	14	<u>(12,256)</u>	<u>(9,875)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(3,390)</u>	<u>2,126</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,962	11,373
CREDITORS: amounts falling due after more than one year	15	(335)	(321)
PROVISION FOR LIABILITIES AND CHARGES	16	<u>(175)</u>	<u>(175)</u>
NET ASSETS		<u>11,452</u>	<u>10,877</u>
CAPITAL AND RESERVES			
Called up share capital	17	10	10
Profit and loss account		<u>11,442</u>	<u>10,867</u>
TOTAL SHAREHOLDERS' FUNDS		<u>11,452</u>	<u>10,877</u>

These financial statements were approved by the Board of Directors on 25 October 2019.

Signed on behalf of the Board of Directors



K G Ward

Director

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

MOLECULAR DEVICES (UK) LIMITED

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

	Called-up share capital £000	Profit and loss account £000	Total Shareholders funds £000
At 1 January 2017	10	8,552	8,562
Profit and total comprehensive income for the year	-	2,315	2,315
Equity dividends paid	-	-	-
31 December 2017	10	10,867	10,877
Profit and total comprehensive income for the year	-	575	575
Equity dividends paid	-	-	-
At 31 December 2018	10	11,442	11,452

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

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

1. STATEMENT OF COMPLIANCE WITH FRS101

Molecular Devices (UK) 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 Molecular Devices (UK) 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 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 paragraphs 45(b) and 46-52 of IFRS 2 *Share based Payment*, because:
 - (i) the share based payment arrangement concerns the instruments of another group entity;
- (b) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- (c) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- (d) 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*;
- (e) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 111, and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (f) the requirements of IAS 7 *Statement of Cash Flows*;
- (g) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (h) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- (i) 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
- (j) the requirements of paragraphs 130(f)(ii)-130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

New accounting standards:

The company has adopted IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from contracts with customers* during the year. Neither adoption has resulted in changes to the current or preceding year result nor on the balance sheet at the date of adoption.

Future accounting standard adoption impact on Company:

In January 2016 the International Accounting Standards Board (IASB) issued IFRS 16 *Leases*. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. Acknowledging the potentially significant impact of the new lease standard on a lessee's financial statements, IFRS 16 does not require a full retrospective application in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* but allows a "simplified approach". Full retrospective application is optional. If an entity chooses not to use the "simplified

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

approach", it has to apply IFRS 16 retrospectively to each prior reporting period in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2.1 BASIS OF PREPARATION (CONTINUED)

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. The company is currently assessing the impact of the amendment and plans to adopt the new standard on the required effective date.

2.2 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 following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

Provisions

Management assesses the carrying value of debtor and inventory balances based on past losses, current trading patterns and anticipated future events.

Investment Impairment

Where there are indicators of impairment, management performs impairment tests based on fair value less cost to sell or value in use which includes estimates for example of market prices and the use of discount rates. Changes in these estimates can have a significant impact on the impairment assessment outcome.

2.3 SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

On January 1, 2018 the Company adopted IFRS 15 Revenue from Contracts with Customers, using the modified retrospective method for all contracts. Results for reporting periods beginning January 1, 2018 are presented under IFRS 15, while prior period amounts were not adjusted and continue to be reported in accordance with the Company's historic accounting under IAS 18, Revenue Recognition.

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 or when delivery has occurred depending on the terms of the customer purchase order.

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost.

Intangible assets are amortised on a straight line basis over their estimated useful life up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or change in circumstances indicate the carrying value may not be recoverable.

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 leasehold improvements, property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows:

Buildings (long leasehold land)	– over life of lease (5 years)
Computer and equipment	– over 3 to 5 years (Office equipment 5 years / Computer equipment 3 years)

The carrying values of computers 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 computer 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.

Demonstration equipment, which is available for resale is included within tangible fixed assets and written down by 33% of cost per annum or if greater, the amount expected to reduce the equipment to net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

Investments

All investments have been valued in accordance with IAS 27 at cost less provision for impairment. Where an investment is not directly in an associate or subsidiary of the company, but is in an entity that is ultimately a subsidiary of Danaher Corporation, then the directors have deemed this to fall under the requirements of IAS 27.

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

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.

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Operating lease incentives are spread over the period of the lease incentive which ends at the first lease break.

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.

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

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.

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 enforceable 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 guarantees

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Financial Assets

The company's financial assets include cash, trade and other debtors.

Cash and cash equivalents comprise balances on bank accounts, cash in transit and cash floats held in the business.

Trade and other debtors that have fixed or determinable payments that are not quoted in an active market are classified as debtors. Trade debtors are measured initially at transaction price and subsequently at amortised cost using the effective interest method, less any impairment.

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Finance income is accounted for on an accruals basis and credited to the income statement when receivable.

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the assets to another entity. If the company neither transfers nor retains substantially all the risks and rewards of the ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. Of the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The company has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018. The adoption of IFRS 9 had no impact on the primary financial statements for any years presented within the financial statements.

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

3. TURNOVER AND SEGMENTAL INFORMATION

	2018 £000	2017 £000
Sales of goods	14,750	17,325
Rendering of services	7,733	7,494
	<u>22,483</u>	<u>24,819</u>
	2018 £000	2017 £000
Turnover by destination		
United Kingdom	6,286	6,576
Europe	16,083	17,983
Rest of World	114	260
	<u>22,483</u>	<u>24,819</u>

No revenue was derived from the exchanges of goods or services (2017: £nil).

4. OPERATING PROFIT

Operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets - owned	288	573
Amortisation of intangible assets*	38	39
Operating lease rentals		
- land and buildings	168	168
- plant and machinery	178	174
Auditors' remuneration	38	38
Exchange differences	<u>43</u>	<u>128</u>

* Amortisation of intangible assets is included in Administrative Expenses.

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

5. STAFF COSTS

(a) Staff costs

	2018 £000	2017 £000
Staff costs during the year		
Wages and salaries	5,437	5,023
Social security costs	938	869
Other pension costs	278	251
	<u>6,653</u>	<u>6,143</u>

	2018 No.	2017 No.
Average numbers of persons employed		
Sales and distribution	28	23
Finance / IT / HR / Marketing	11	11
Applications	7	7
Service	33	33
	<u>79</u>	<u>74</u>

At the balance sheet date there were unpaid pension contributions of £nil (2017: £nil) in respect of the defined contribution scheme.

(b) Directors' emoluments	2018 £000	2017 £000
The following disclosures are in respect of qualifying services provided by the directors of the company		
Aggregate emoluments in respect of qualifying services	-	40
Aggregate value of contributions paid by the company to money purchase pension schemes	-	3
Number of directors accruing benefits under money purchase schemes	-	1

The services to this company from K Ward, G Milosevic and T Illiano 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 these directors (2017: £nil).

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £000	2017 £000
Bank interest receivable	48	63
	<u>48</u>	<u>63</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £000	2017 £000
Bank interest payable	51	-
	<u>51</u>	<u>-</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2018 £000	2017 £000
Current tax		
UK corporation tax at the standard rate of 19% (2017 19.25%)	27	14
Adjustment in respect of prior years	-	-
Double Tax relief	(27)	(14)
	<u>-</u>	<u>-</u>
Foreign tax		
Current tax on income for the period	27	13
Adjustment in respect of prior years	5	27
	<u>32</u>	<u>40</u>
Total Current tax	<u>32</u>	<u>40</u>
Deferred tax		
Charge / (credit) to the profit and loss account	58	43
Adjustment in respect of prior periods	-	-
Adjustment in respect of change in tax rates	-	-
	<u>58</u>	<u>43</u>
Taxation charge / (credit) for the year	<u>90</u>	<u>83</u>

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

(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% (2017: 19.25%). The differences between the total current tax shown in 8(a) and the amount calculated by applying the rate of UK corporation tax to the profit before tax are as follows:

	2018 £000	2017 £000
Profit before tax	665	2,398
Tax on profit / (loss) on ordinary activities at standard UK corporation tax rate of 19% (2017: 19.25%)	126	462
Effects of:		
(Income)/expenses not (taxable)/deductible for tax purposes	(26)	(38)
Differences in tax rates	29	(1)
Prior year adjustment to deferred tax	-	-
Group relief claimed or surrendered for nil consideration	(45)	(367)
Adjustments to tax charge in respect of previous periods (foreign tax)	-	27
Total tax expense reported in the income statement	90	83

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

(c) Deferred tax

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

	2018 £000	2017 £000
Deferred tax asset		
Fixed assets	184	246
Short term timing differences	62	58
	246	304
Disclosed on the balance sheet		
Deferred tax asset	246	304

There are no unrecognised deferred tax assets or liabilities.

The directors believe recognition of a deferred tax asset is appropriate as the asset is more likely than not to be recovered against future taxable profits of the company.

The net deferred tax asset outlined above is included in non-current assets in the balance sheet. Of these net deferred tax assets £246,000 is due in more than one year (2017: £304,000).

The tax rates to be used are those which have been enacted or substantively enacted by the balance sheet date. For UK tax rates, 'substantively enacted' means that the Act or other measure legislating that rate has passed through all stages of reading by the House of Commons (ie the act has had its third reading). Finance No.2 Bill 2017 became substantively enacted on 26 October 2017, and as such the tax rate was reduced from 20% to 19% effective 1 April 2018 and to 18% effective 1 April 2020. Finance Act 2018 was

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

substantively enacted on 15 September 2018, including the clause to reduce the corporation tax rate to 17% 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 17%.

Deferred tax asset/ (liability) is provided as follows:

	2018 £000	2017 £000
Deferred tax asset as at 1 January	304	346
(Charge)/credit to the Income Statement	(58)	(42)
Adjustment in respect of prior years	-	-
Deferred tax asset as at 31 December	<u>246</u>	<u>304</u>

9. INTANGIBLE FIXED ASSETS

	Distribution rights £000	Total £000
Cost		
At 1 January 2018	762	1,162
Additions	-	-
Disposals	-	-
Write off	-	-
At 31 December 2018	<u>762</u>	<u>1,162</u>
Amortisation		
At 1 January 2018	521	921
Charge for the year	38	38
Disposals	-	-
Impairment charge for the year	-	-
At 31 December 2018	<u>559</u>	<u>959</u>
Net book value		
At 31 December 2018	<u>203</u>	<u>203</u>
At 1 January 2018	<u>241</u>	<u>241</u>

The distribution rights intangible asset arose on the acquisition of the distribution rights of Sopachem, in the Benelux Territories.

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £000	Computer, office furniture and equipment £000	Total £000
Cost			
At 1 January 2018	300	3,040	3,340
Additions	-	234	234
Disposals	-	(724)	(724)
At 31 December 2018	300	2,550	2,850
Depreciation			
At 1 January 2018	300	903	1,203
Charge for the year	-	288	288
Disposals	-	(301)	(301)
At 31 December 2018	300	890	1,190
Net book value			
At 31 December 2018	-	1,660	1,660
At 1 January 2018	-	2,137	2,137

11. STOCKS

	2018 £000	2017 £000
Finished goods and goods for resale	612	471
	<u>612</u>	<u>471</u>

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

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Trade debtors	4,887	6,086
Amounts owed by other group undertakings	2,483	4,838
Other debtors	9	9
Other taxation	94	247
Prepayments and accrued income	261	157
	<u>7,734</u>	<u>11,337</u>

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

13. INVESTMENTS

	Investment £000	Total £000
Cost		
At 1 January 2018	6,566	6,566
Additions	6,677	6,677
Disposals	-	-
At 31 December 2018	<u>13,243</u>	<u>13,243</u>
Impairment		
At 1 January 2018	-	-
Charge for the year	-	-
Disposals	-	-
At 31 December 2018	<u>-</u>	<u>-</u>
Carrying value		
At 31 December 2018	<u>13,243</u>	<u>13,243</u>
At 1 January 2018	<u>6,566</u>	<u>6,566</u>

The company holds (either directly or indirectly) investments in ordinary shares of the following undertaking:

<u>Company Name</u>	<u>Country of Incorporation</u>	<u>Principal activity</u>	<u>Percentage Holding</u>
Beckman Holdings Limited	United Kingdom	Holding company	11%

On 25 July 2018 the company contributed £6,677,055 to LTAG UK Limited in exchange for the issue of 11 new ordinary shares of £1 each in Beckman Holdings Limited.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Trade creditors	186	354
Bank loans and overdraft	9,206	6,222
Payments received on account	139	148
Amounts owed to other group undertakings	-	-
Other taxation and social security	214	387
Accruals and deferred income	2,484	2,764
Corporation tax	27	0
	<u>12,256</u>	<u>9,875</u>

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2018

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £000	2017 £000
Deferred income	335	321
Total creditors: amounts falling due after more than one year	<u>335</u>	<u>321</u>

16. PROVISION FOR LIABILITIES AND CHARGES

	Dilapidation provision £000	Total £000
At 1 January 2018		
- Current	-	-
-Non-current	175	175
	<u>175</u>	<u>175</u>
Utilised/paid during the year	-	-
Arising during the year	-	-
Utilised in year	-	-
At 31 December 2018	<u>175</u>	<u>175</u>
- Current	-	-
-Non-current	175	175
	<u>175</u>	<u>175</u>

Dilapidations provision

The provision represents the estimated cost of remedial work required on property at 660-665 Eskdale Road, Winnersh Triangle when the lease is terminated. This is expected to be utilised in the next year.

17. CALLED UP SHARE CAPITAL

	2018 £000	2017 £000
Called up, allotted and fully paid		
10,000 ordinary shares of £1 each (2017: 10,000)	10	10
	<u>10</u>	<u>10</u>

MOLECULAR DEVICES (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2018

18. GUARANTEES AND OBLIGATIONS UNDER LEASES

Guarantees

The company has provided for the following guarantees at 31 December 2018:

- Guarantee of £ 500,000 with HSBC in respect of HMRC deferment account. No liability is expected to arise.
- An unlimited multi-lateral guarantee exists between all the United Kingdom based subsidiaries of Danaher Corporation and HSBC Bank plc.

Operating lease agreements where the Company is lessee

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

	Land and buildings 2018 £000	Other 2018 £000	Land and buildings 2017 £000	Other 2017 £000
Not later than one year	168	148	168	132
After one year but no more than five years	126	165	294	145
After five years	-	-	-	-
	<u>294</u>	<u>313</u>	<u>462</u>	<u>277</u>

19. 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. The unpaid contributions outstanding at the year end, included in 'other taxes and social security costs', are £0 (year ended 31 December 2017: £22,314).

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Molecular Devices LLC, a company incorporated in the USA.

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.

21. 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.