Registered number: 06381141

# COLE-PARMER LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2017

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COLE-PARMER

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## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | B Brust<br>J Salkin<br>J R Gallifant |
| **Company secretary** | Oakwood Corporate Secretary Limited |
| **Registered number** | 06381141 |
| **Registered office** | 3rd Floor<br>1 Ashley Road<br>Altrincham<br>Cheshire<br>WA14 2DT |
| **Independent auditors** | PricewaterhouseCoopers LLP<br>Chartered Accountants and Statutory Auditors<br>Cornwall Court<br>19 Cornwall Street<br>Birmingham<br>B3 2DT |

## STRATEGIC REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their Strategic report for Cole-Parmer Limited for the year ended 31 December 2017.

The directors, in preparing this strategic report have complied with section 414c of the Companies Act 2006.

### Review of business and future developments

The company manufactures and sells five well established and trusted scientific equipment brands worldwide: Stuart, Techne, Jenway, Electrothermal and PCRmax.

Sales of £19,077,224 for the year ended 31st December 2017 represents a marginal year on year decline.

However, sales to the APAC region have increased as the Company continues to utilise the global Cole-Parmer distribution channels. This will become a common theme over the course of 2018 as the company continues with its strategic Cole-Parmer integration program. 2018 will also see further growth within mainland Europe and the UK as we benefit from further integration.

Sales into the US have declined marginally as a result of the closure of the Techne Inc site, which previously acted as the main distributor of the five brands in the US. This is expected to be a temporary downturn as the company begins to benefit from Cole-Parmer's US distribution channels. Revenues in the Middle East were adversely impacted by the political uncertainty in many parts of the region.

Gross margins remained strong despite difficult market conditions exacerbated by competition from low cost Asian manufacturers and the weakness of the pound.

The directors believe the key KPIs' of the company are operating profit and net assets which can be found on page 8 and 9 respectively and the key drivers in the movement of these two amounts are driven by the decline in sales to the US and difficult market conditions.

Operating loss before exceptional items increased from £419,773 in 2016 to £1,111,824 in 2017. This is driven by the marginal decrease in year on year revenues and an increased management fee from Group. The financial position of the company can be found on page 9.

The trade, assets and liabilities of PCR Max Limited were hived-up into the company on 31 December 2017.

Our continued commitment to new product development will benefit operating profits in 2018. Significant gains will also be realised as a consequence of our recent acquisition by Cole-Parmer Instrument Company LLC, as operational synergies will result in unprecedented revenue and market growth opportunities coupled with increased productivity and cost reductions from consolidating operations. The process of re-organising and aligning all the Cole-Parmer group entities within Europe began in 2017 and will continue into 2018.

### Principal risks and uncertainties

The company's principal risks and uncertainties arise from the global economic situation and its effect on potential government and private investment into science and research. The increased competition from low cost Asian manufacturers continues to be a key risk especially when combined with the weaknesses of the pound.

An increasing volume of product is exported from the UK as the company implements its global growth strategies which in turn expose the company to exchange rate fluctuations beyond its control. Our underlying business model ensures that our exposure to US dollar fluctuations is minimised and as a result the business is mainly exposed to fluctuations against the Euro. Management carry out a formal review to continue to identify and manage key risks and to take specific actions to minimise the potential impact of such risks identified.

**STRATEGIC REPORT (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

This report was approved by the board on 26 September 2018 and signed on its behalf by:

**J R Gallifant**
Director

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their annual report and the audited financial statements of Cole-Parmer Limited (the "company") for the year ended 31 December 2017. The prior year comparatives are for the financial 15 month period ended 31 December 2016.

### Results and dividends

The loss before tax for the financial year amounted to £2,731,261 (2016: profit before tax for the financial period of £24,406,188).

No interim dividend has been paid (2016: £nil). The directors do not propose the payment of a final dividend (2016: £nil).

### Directors

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

J Salkin (appointed 10 March 2018)
J R Gallifant (appointed 10 March 2018)
B Brust
A T Waldes (resigned 10 March 2018)

### Going concern

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over the level of demand for the Company's products. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have received written assurances from a fellow group company that they will continue to provide support for at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis in preparing the financial statements.

### Existence of branches outside of UK

The company has a branch, as defined in section 1046(3) of the Companies Act 2006, outside the UK based in Paris, France.

### Financial risk management

The financial risk management objectives and policies are described within the Strategic Report under the 'Principal Risks and Uncertainties' section.

### Matters covered in the strategic report

Details of principal activities and discussion on future developments is included in the Strategic Report starting on page 2.

### Research and development costs

The entity incurs research and development expenditure with regards to new products which are expenses to the statement of comprehensive income.

## DIRECTORS' REPORT (CONTINUED)
## FOR THE YEAR ENDED 31 DECEMBER 2017

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 to 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.

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board on 26 September 2018 and signed on its behalf by:

**J R Gallifant**
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLE-PARMER LIMITED**

# Report on the audit of the financial statements

## Opinion

In our opinion, Cole-Parmer Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COLE-PARMER LIMITED (CONTINUED)

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### Responsibilities for the financial statements and the audit

*Responsibilities of the directors for the financial statements*

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

*Auditors' responsibilities for the audit of the financial statements*

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

J. Khela

Jas Khela (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
26 September 2018

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2017

| | Note | Year ended 31 December 2017 £ | 15 months ended 31 December 2016 £ |
|---|---|---|---|
| Turnover | 4 | 19,077,224 | 24,661,489 |
| Cost of sales | | (11,935,800) | (15,297,000) |
| **Gross profit** | | 7,141,424 | 9,364,489 |
| Distribution costs | | (310,452) | (371,906) |
| Administrative expenses | | (7,942,795) | (9,412,356) |
| Exceptional administrative expenses | 12 | (828,044) | 25,380,816 |
| Total administrative expenses | | (8,770,839) | 15,968,460 |
| **Operating (loss)/profit** | 5 | (1,939,867) | 24,961,043 |
| Interest payable and similar expenses | 9 | (791,394) | (554,855) |
| **(Loss)/ Profit before tax** | | (2,731,261) | 24,406,188 |
| Tax on (loss)/profit | 10 | (212,606) | 10,755 |
| **(Loss)/Profit for the financial year/period** | | (2,943,867) | 24,416,943 |
| **Other comprehensive income for the financial year/period** | | | |
| Currency translation differences | | 57,846 | 97,329 |
| **Total other comprehensive income for the financial year/period** | | 57,846 | 97,329 |
| **Total comprehensive (expense)/income for the financial year/period** | | (2,886,021) | 24,514,272 |

The notes on pages 11 to 31 form an integral part of these financial statements.

# BALANCE SHEET
# AS AT 31 DECEMBER 2017

| | Note | | 31 December 2017 £ | | 31 December 2016 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 12 | | 19,905,154 | | 20,869,633 |
| Tangible assets | 13 | | 1,022,324 | | 1,043,088 |
| Investments | 14 | | 809,318 | | 1,359,404 |
| | | | 21,736,796 | | 23,272,125 |
| **Current assets** | | | | | |
| Stocks | 15 | 4,598,094 | | 4,465,136 | |
| Debtors | 16 | 8,202,743 | | 8,742,011 | |
| Cash at bank and in hand | 17 | 1,087,990 | | 1,968,412 | |
| | | 13,888,827 | | 15,175,559 | |
| Creditors: amounts falling due within one year | 18 | (12,442,883) | | (12,369,414) | |
| **Net current (liabilities)/assets** | | | 1,445,944 | | 2,806,145 |
| **Total assets less current liabilities** | | | 23,182,740 | | 26,078,270 |
| **Provisions for liabilities** | 19 | | (43,693) | | (53,202) |
| **Net assets** | | | 23,139,047 | | 26,025,068 |
| **Capital and reserves** | | | | | |
| Called up share capital | 20 | | 14,998 | | 14,998 |
| Capital redemption reserve | | | 20 | | 20 |
| Foreign exchange reserve | | | 240,167 | | 182,321 |
| Capital contribution reserve | | | 8,208,337 | | 8,208,337 |
| Retained earnings | | | 14,675,525 | | 17,619,392 |
| **Total shareholders' funds** | | | 23,139,047 | | 26,025,068 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
26 September 2018 by:

**J R Gallifant**
Director

The notes on pages 11 to 31 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2017

| | Called up share capital | Capital redemption reserve | Foreign exchange reserve | Capital contribution reserve | Retained earnings | Total shareholders' funds |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **At 1 October 2015** | **14,998** | **20** | **84,992** | **8,208,337** | **(6,797,551)** | **1,510,796** |
| **Comprehensive income for the financial period** | | | | | | |
| Profit for the financial period | - | - | - | - | 24,416,943 | 24,416,943 |
| Currency translation differences | - | - | 97,329 | - | - | 97,329 |
| **Total comprehensive income for the financial period** | - | - | 97,329 | - | 24,416,943 | 24,514,272 |
| **At 31 December 2016 and 1 January 2017** | **14,998** | **20** | **182,321** | **8,208,337** | **17,619,392** | **26,025,068** |
| **Comprehensive income for the financial year** | | | | | | |
| Profit for the financial year | - | - | - | - | (2,943,867) | (2,943,867) |
| Currency translation differences | - | - | 57,846 | - | - | 57,846 |
| **Total comprehensive income for the financial year** | - | - | 57,846 | - | (2,943,867) | (2,886,021) |
| **At 31 December 2017** | **14,998** | **20** | **240,167** | **8,208,337** | **14,675,525** | **23,139,047** |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2017

### 1. General information

Cole-Parmer Limited (the "company") is a private company limited by shares incorporated in United Kingdom. The registered office is 3rd Floor 1, Ashley Road, Altrincham, Cheshire, England, WA14 2DT.

The principal activity of the company is manufacture of medical and dental instruments and supplies.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year.

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Cole Parmer Instrument Company LLC as at 31 December 2017 and these financial statements may be obtained from 625 East Bunker Court, Vernon Hills, IL 60061-1844, USA.

#### 2.3 Consolidation

Consolidated fmancial statements have not been prepared as ·Cole-Parmer Limited is itself a wholly owned subsidiary of Cole-Parmer Instrument Company LLC which prepares consolidated financial statements (see note 25). Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Accordingly these financial statements present information on the company alone, and not of its group.

## 2. Accounting policies (continued)

### 2.4 Going concern

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over the level of demand for the Company's products. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have received written assurances from a fellow group company that they will continue to provide support for at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis in preparing the financial statements.

### 2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Rendering of services**

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

## 2. Accounting policies (continued)

### 2.6 Intangible assets

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

| | | |
|---|---|---|
| Goodwill | - | 5 - 20 years |
| Intellectual property | - | 15 years |
| Computer software | - | 4 - 5 years |

### 2.7 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|---|---|
| Plant and machinery | - 3-20 years |
| Motor Vehicles: | |
| - Private | - 4 years |
| - Commercial | - 5 years |

Assets under construction are not depreciated until they are brought into use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

## 2. Accounting policies (continued)

### 2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

### 2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.12 Hive-up

The hive-up has been performed through the use of merger accounting in line with FRS 102 and as such the assets and liabilities transferred to Cole-Parmer Limited were transferred at book value for equal consideration. Further details can be found in note 25 of the financial statements.

## 2. Accounting policies (continued)

### 2.13 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

### 2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

## 2. Accounting policies (continued)

### 2.15 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

### 2.16 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.17 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

### 2.18 Pensions

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 2.19 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

## 2. Accounting policies (continued)

### 2.20 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

### 2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

### 2.22 Current and deferred taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their nature, size or incidence.

## 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### Judgements

The company has made no critical judgements in preparing these financial statements.

### Estimates

**Stock provisioning**
Stock is included in the Statement of Financial Position at the lower of cost and net realizable value. The assessment of net realizable value for old and obsolete stock requires the use of estimates and future changes to the assumptions used would results in different effects on the Statement of Comprehensive Income and Statement of Financial Position. See note 15.

**Useful economic lives of tangible and intangible assets**
The annual depreciation charge for tangible assets and amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 5 and 12.

**Warranties**
Provisions are made for the best estimates in relation to warranties. These are reassessed annually and amended, when necessary, to reflect current estimates. See note 20.

## 4. Turnover

The whole of the turnover is attributable to the principal activity of the company.

Analysis of turnover by country of destination:

| | **Year ended 31 December 2017 £** | 15 months ended 30 December 2016 £ |
|---|---|---|
| United Kingdom | 5,773,865 | 7,529,227 |
| Rest of Europe | 6,499,859 | 7,830,337 |
| Rest of the World | 6,803,500 | 9,301,925 |
| | **19,077,224** | 24,661,489 |

## 5. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

| | **Year ended 31 December 2017 £** | 15 months ended 31 December 2016 £ |
|---|---|---|
| Research & development charged as an expense | 710,771 | 970,425 |
| Impairment of trade receivables | (5,950) | 960 |
| Depreciation of tangible assets | 247,227 | 257,413 |
| Impairment of inventory | 19,358 | 438,263 |
| Amortisation of intangible assets, including goodwill | 1,931,375 | 2,321,313 |
| Loan payable write off | - | (25,380,816) |
| Impairment of investments | 828,044 | - |

## 6. Auditors' remuneration

| | **Year ended 31 December 2017 £** | 15 months ended 31 December 2016 £ |
|---|---|---|
| Fees payable to the Company's auditors for the audit of the Company's annual financial statements | **59,900** | 62,750 |
| **Fees payable to the Company's auditors in respect of:** | | |
| Taxation compliance services | - | - |
| Other assurance services | **2,620** | 3,000 |

No other non-audit services were provided by the company's auditor in the year (2016: £nil).

## 7. Employees

Staff costs, including directors' remuneration, were as follows:

| | **Year ended 31 December 2017 £** | 15 months ended 31 December 2016 £ |
|---|---|---|
| Wages and salaries | 3,703,305 | 4,507,368 |
| Social security costs | 340,225 | 352,241 |
| Other pension costs | 387,750 | 521,202 |
| | **4,431,280** | 5,380,811 |

The average monthly number of employees, including the directors, during the year was as follows:

| | **Year ended 31 December 2017** | 15 months ended 31 December 2016 |
|---|---|---|
| | **Number** | Number |
| Managerial | 32 | 54 |
| Clerical and related | 21 | 18 |
| Operatives | 51 | 51 |
| | **104** | 123 |

## 8. Directors' remuneration

| | **Year ended 31 December 2017 £** | 15 months ended 31 December 2016 £ |
|---|---|---|
| Aggregate directors' emoluments | - | 451,351 |
| Company contributions to defined contribution pension schemes | - | 3,380 |
| | - | 454,731 |

The highest paid director received remuneration of £nil (2016: £454,731).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2016: £3,380).

All (2016: certain) directors are also directors of other group companies for whom their primary duties are discharged. These directors receive no emoluments in respect of their position as directors of the company, and nor are any amounts due and accordingly none are disclosed in these accounts.

## 9. Interest payable and similar expenses

| | **Year ended 31 December 2017 £** | 15 months ended 31 December 2016 £ |
|---|---|---|
| Loans from group undertakings (note 18) | **791,394** | 554,855 |
| | **791,394** | 554,855 |

## 10. Tax on (loss)/profit

| | Year ended 31 December 2017 £ | 15 months ended 31 December 2016 £ |
|---|---|---|
| **Corporation tax** | | |
| Current tax on (loss)/profit for the year | - | 294,234 |
| Adjustments in respect of prior periods | 12,477 | (71,343) |
| | **12,477** | 222,891 |
| Double taxation relief | - | (108,936) |
| | **12,477** | 113,955 |
| **Foreign tax** | | |
| Foreign tax on income for the year | 138,874 | 181,506 |
| Foreign tax in respect of prior periods | - | 4,645 |
| | **138,874** | 186,151 |
| **Total tax** | **151,351** | 300,106 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 61,255 | (310,861) |
| **Taxation on (loss)/profit** | **212,606** | (10,755) |

## 10. Tax on (loss)/profit (continued)

### Factors affecting tax charge/(credit) for the year/period

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

| | **Year ended 31 December 2017 £** | 15 months ended 31 December 2016 £ |
|---|---|---|
| (Loss)/Profit before tax | (2,731,261) | 24,406,188 |
| (Loss)/Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016:20%) | (525,674) | 4,881,238 |
| **Effects of:** | | |
| Fixed asset differences | 367,394 | 469,799 |
| Expenses not deductible for tax purposes | 168,685 | 162,138 |
| Foreign tax charges | 138,874 | 72,570 |
| Adjustments to tax charge in respect of prior periods | 12,477 | (66,698) |
| Non-taxable income | - | (5,076,163) |
| Adjustment for closing deferred tax rate | 2,316 | 202,969 |
| Deferred tax not recognised | - | (656,608) |
| Group relief | 48,534 | - |
| **Total tax charge/(credit) for the year/period** | **212,606** | (10,755) |

### Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016) to reduce the main rate of corporation tax to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## 11. Exceptional administrative expenses

| | Year ended 31 December 2017 £ | 15 months ended Year ended 31 December 2016 £ |
|---|---|---|
| Exceptional items | **(828,044)** | 25,380,816 |

The exceptional items included in the current year relate wholly to the impairment of the investment in PCR Max Limited following the cessation of trade in PCR Max Limited in January 2017 and subsequent hive-up on 31 December 2017.

The exceptional items included in the prior year relate wholly to the release of intercompany loans from an intermediate parent company on acquisition of the immediate parent of the Company by Cole Parmer Instrument Company LLC in accordance with the purchase agreement.

## 12. Intangible assets

| | Computer software £ | Intellectual Property £ | Goodwill £ | Total £ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2017 | 245,511 | - | 28,081,007 | 28,326,518 |
| Additions (Hive-up) | 3,054 | 954,946 | - | 958,000 |
| Additions | 35,973 | - | - | 35,973 |
| Disposals | (80,899) | - | - | (80,899) |
| At 31 December 2017 | **203,639** | **954,946** | **28,081,007** | **29,239,592** |
| **Accumulated amortisation** | | | | |
| At 1 January 2017 | 217,313 | - | 7,239,572 | 7,456,885 |
| Charge for the year | 22,494 | - | 1,908,881 | 1,931,375 |
| On disposals | (53,822) | - | - | (53,822) |
| At 31 December 2017 | **185,985** | **-** | **9,148,453** | **9,334,438** |
| **Net book value** | | | | |
| At 31 December 2017 | **17,654** | **954,946** | **18,932,554** | **19,905,154** |
| At 31 December 2016 | 28,198 | - | 20,841,435 | 20,869,633 |

## 13. Tangible assets

| | Plant and machinery and motor vehicles £ | Assets under construction £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2017 | 4,391,068 | 221,074 | 4,612,142 |
| Additions | 137,019 | 89,444 | 226,463 |
| Disposals | (85,865) | - | (85,865) |
| Transfers between classes | 221,074 | (221,074) | - |
| At 31 December 2017 | **4,663,296** | **89,444** | **4,752,740** |
| **Accumulated depreciation** | | | |
| At 1 January 2017 | 3,569,054 | - | 3,569,054 |
| Charge for the year | 247,227 | - | 247,227 |
| Disposals | (85,865) | - | (85,865) |
| At 31 December 2017 | 3,730,416 | - | 3,730,416 |
| **Net book value** | | | |
| **At 31 December 2017** | **932,880** | **89,444** | **1,022,324** |
| At 31 December 2016 | 822,014 | 221,074 | 1,043,088 |

## 14. Investments

| | Investments in subsidiary companies £ |
|---|---|
| **Cost** | |
| At 1 January 2017 | 27,219,580 |
| Additions | 277,958 |
| At 31 December 2017 | 27,497,538 |
| **Impairment** | |
| At 1 January 2017 | 25,860,176 |
| Charge for the year | 828,044 |
| At 31 December 2017 | 26,688,220 |
| **Net book value** | |
| At 31 December 2017 | **809,318** |
| At 31 December 2016 | 1,359,404 |

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|---|---|---|---|---|
| PCR Max Limited | United Kingdom | Ordinary shares | 100 % | Scientific Equipment |
| Bibby Scientific (Hong Kong) Co Limited | Hong Kong | Ordinary shares | 100 % | Non-trading |
| Through Bibby Scientific (Hong Kong) Co Limited: Cole-Parmer Laboratory Equipment (Shanghai) Co., Ltd. | China | Ordinary shares | 100 % | Scientific Equipment |

| Name | Registered office |
|---|---|
| PCR Max Limited | 3rd Floor 1 Ashley Road, Altrincham, Cheshire, United Kingdom, WA14 2DT |
| Bibby Scientific (Hong Kong) Co Limited | 8th Floor, Wings Building, Nos. 110-116 Queen's Road Central, Hong Kong |
| Bibby Scientific (Shanghai) Co Limited | 401, Building 2, No.865 Jiuxin Road, Songjiang District, Shanghai, PRC China |

## 14. Investments (continued)

Consolidated financial statements have not been prepared as Cole-Parmer Limited is itself a wholly owned subsidiary of Cole-Parmer Instrument Company LLC which prepares consolidated financial statements (see note 26). Accordingly these financial statements present information on the company alone, and not of its group.

In the opinion of the directors the aggregate value of shares in and amounts owing from subsidiaries is not less than the amounts stated in the balance sheet.

## 15. Stocks

| | **31 December 2017 £** | 31 December 2016 £ |
|---|---|---|
| Raw materials and consumables | 2,477,882 | 3,016,292 |
| Work in progress | 418,246 | 337,757 |
| Finished goods and goods for resale | 1,701,966 | 1,111,087 |
| | **4,598,094** | 4,465,136 |

Stocks are stated after provisions for impairment of £1,062,510 (2016: £1,043,152).

## 16. Debtors

| | **31 December 2017 £** | 31 December 2016 £ |
|---|---|---|
| Trade debtors | 2,881,093 | 3,395,067 |
| Amounts owed by group undertakings | 4,349,643 | 4,338,949 |
| Other debtors | 284,445 | 252,602 |
| Prepayments and accrued income | 299,780 | 444,533 |
| Corporation tax receivable | 138,177 | - |
| Deferred taxation | 249,605 | 310,860 |
| | **8,202,743** | 8,742,011 |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

## 17. Cash at bank and in hand

| | **31 December 2017 £** | 31 December 2016 £ |
|---|---|---|
| Cash at bank and in hand | 1,087,990 | 1,968,412 |
| Less: bank overdrafts | - | (2) |

## 18. Creditors: amounts falling due within one year

| | **31 December 2017 £** | 31 December 2016 £ |
|---|---|---|
| Bank overdrafts | - | 2 |
| Trade creditors | 763,036 | 1,043,284 |
| Amounts owed to group undertakings | 9,913,183 | 9,328,927 |
| Corporation tax | - | 209,856 |
| Other taxation and social security | 114,512 | 134,742 |
| Other creditors | 283,351 | 195,724 |
| Accruals and deferred income | 1,368,801 | 1,456,879 |
| | **12,442,883** | 12,369,414 |

Amounts owed to group undertakings of £9,902,208 (2016: £8,730,488) are unsecured, interest bearing at 8% and are repayable either on demand or if not previously demanded 2025. The remaining amount owed to group undertakings is unsecured, interest free and repayable on demand.

## 19. Deferred tax asset

| | **2017 £** |
|---|---|
| At beginning of year | **310,860** |
| Charged to the income statement | (61,255) |
| **At end of year** | **249,605** |

## 19. Deferred taxation (continued)

The deferred tax asset is made up as follows:

| | 31 December 2017 £ |
|---|---|
| Accelerated capital allowances | 240,578 |
| Short term timing differences | 9,027 |

A deferred tax asset of £839,298 (2016: £839,298) in relation to historic losses has not been recognised at the balance sheet date due to the uncertainty of future profits to offset the deferred tax asset against.

## 20. Provisions

| | Warranty provision £ |
|---|---|
| At 1 January 2017 | **53,202** |
| Utilised in year | (9,506) |
| **At 31 December 2017** | **43,693** |

The warranty provision is expected to be utilised in line with the guarantee period offered to the company's customers.

## 21. Called up share capital

| | 31 December 2017 £ | 31 December 2016 £ |
|---|---|---|
| **Shares classified as equity** | | |
| **Allotted, called up and fully paid** | | |
| 13,980 (2016: 13,980) ordinary shares shares of £1 each | 13,980 | 13,980 |
| 1,017 (2016: 1,017) A ordinary shares shares of £1 each | 1,017 | 1,017 |
| 1 (2016: 1) deferred share share of £1 | 1 | 1 |
| | **14,998** | 14,998 |

## 22. Capital commitments

The company had capital commitments at the balance sheet dates as follows:

| | 31 December 2017 £ | 31 December 2016 £ |
|---|---|---|
| Contracted for but not provided in these financial statements | 155,961 | 382,266 |

## 23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £387,750 (2016: £521,202).

## 24. Commitments under operating leases

The company had future minimum lease payments under non-cancellable operating leases as follows:

| | 31 December 2017 £ | 31 December 2016 £ |
|---|---|---|
| Not later than 1 year | 634,922 | 623,537 |
| Later than 1 year and not later than 5 years | 2,419,108 | 2,425,920 |
| Later than 5 years | 1,482,900 | 2,076,060 |
| | **4,536,930** | 5,125,517 |

## 25. Hive-up

On 31 December 2017 the assets and liabilities of PCR Max Limited were hived-up into the company, the company's immediate parent undertaking. The book value of the net assets transferred as part of this transaction was £958,000. The company paid consideration equalling the net asset value at the date of the transaction. The only assets transferred as part of the hive-up was intellectual property of £954,946 and software assets of £3,054.

## 26. Related party transactions

The emoluments paid to directors during the financial period have been disclosed within note 8.

The company has taken advantage of the exemption included in paragraph 33.1A of FRS 102 "Related Party Disclosures" for wholly owned subsidiaries not to disclose transactions with entities that are part of the group or investees of the group qualifying as related parties.

## 27. Controlling party

The company's immediate parent undertaking is UK Boxer Midco 2 Limited, which is itself a subsidiary of Cole Parmer Instrument Company LLC, a company registered in the United States of America. They prepare consolidated accounts and are the largest and smallest undertaking of the group to consolidate these financial statements. Financial statements can be obtained from its headquarters at 625 East Bunker Court, Vernon Hills, IL 60061-1844, USA.

The ultimate parent undertaking and controlling part is Golden Gate Capital LLC, a company incorporated in the United States of America with the following registered address, One Embarcadero Center, 39th Floor, San Francisco, CA 94111.