

Company Registration No. 07007374

AB SCIEX UK LIMITED

Report and Financial Statements

31 December 2017

WEDNESDAY



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AB SCIEX UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2017

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AB SCIEX UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2017

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M Wolpert
K G Ward
T A Illiano

SECRETARY

J M Wolpert

REGISTERED OFFICE

19 Jessops Riverside
800 Brightside Lane
Sheffield
S9 2RX

BANKERS

Bank of America
Financial Center
2 King Edward St.
London
EC1A 1HQ

AUDITORS

Ernst & Young LLP
400 Capability Green
Luton
LU1 3LU

AB SCIEX UK LIMITED

STRATEGIC REPORT

REVIEW OF BUSINESS

AB Sciex UK Limited is a leading provider of high-end mass spectrometers. Our broad portfolio of scientific analytical tools include innovative instrument systems, intuitive software, pre-packaged methods and chemistry reagents - all of which are part of workflows that reduce complexity and accelerate results. These tools apply mass spectrometry technologies to enable scientists to conduct quantitative and qualitative analysis across a wide range of applications.

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

	2017	2016	Change
	£000	£000	%
Turnover	13,588	15,992	(15)
Operating profit	775	839	(8)
Average number of employees	85	83	2

The company acts as a non-exclusive distributor to purchase and distribute the products within the territory of the UK, pursuant to the terms and conditions of the group and provide related services as an Authorized Service Provider.

During the current fiscal year, the company showed a decline compared to 2016. This decline is mainly caused by the academic business segment. In 2016 we achieved an unexpected increase in growth compared to 2015 and the initial forecast. We expect an increase in growth for the upcoming year between 3% to 5%.

The operating profit has decreased and this is mainly caused by the decrease in revenue. On the other hand, we have lower charges on service transactions with fellow group companies, which has a positive effect on the operating profit.

FUTURE DEVELOPMENTS

The directors anticipate growth that will enable profits in the future.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive Risks

The Company operates in a competitive market but the directors feel there is minimal risk to the business. The application of the Danaher Business Systems approach ensures that the Company is able to respond quickly to changes in levels of activity or competitive pressures and in this the Company has significant advantages over competitors.

Legislative Risks

In a number of the areas in which the Company operates there are high levels of legislation. The Company has processes in place that ensure compliance with legislation.

Financial Risks

The business is currently in a strong financial position and is able to meet third party debts as they become due. The current economic difficulties are challenging but the directors are confident that as a result of the strong balance sheet and actions taken the business can withstand these pressures. Whilst the business is involved in many geographical areas, there are processes in place to ensure that the company is not exposed to undue currency risks.

AB SCIEX UK LIMITED

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Exposure to Price, Credit, Liquidity and Cash flow risks

The Company's operations are exposed to financial risk including credit, currency fluctuation and liquidity risks. Credit risk exists as the Company sells its products on credit, but the company only provides credit to organisations after sufficient credit procedures are performed. This is also reduced by sales with government funded institutions.

The Group treasury department maintains a six-quarter rolling cash forecast with regular updates provided by the Company. Treasury monitors the Company's liquidity needs on a daily basis. The Company's liquidity is supported by both inter-company loans and/or a third party line of credit.

The spread of different product lines and markets reduces the potential adverse impact of any of the above risks having an effect on the stability of the business. The directors believe that the company has sufficient funds available to withstand any difficulties which may arise in the next 12 months.

On behalf of the Board



K G Ward
Director

Date: 29/6/18

AB SCIEX UK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £553,000 (2016: £892,000).

The directors have not recommended a dividend.

DIRECTORS

The directors who served during the year were as follows:

J M Wolpert	(appointed 1 January 2017)
T A Illiano	(appointed 1 January 2017)
K G Ward	
K M Kirchner	(resigned 1 January 2017)
K P Smith	(resigned 1 January 2017)

GOING CONCERN

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

The group cash pool arrangement is also available if the company requires immediate access to cash funds to meet its liabilities as they fall due.

Despite the company having net current liabilities, the cash position of the AB Sciex group as a whole is strong and therefore the company should have access to sufficient operating funds when necessary.

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

DISCLOSURE REQUIREMENTS

In accordance with Companies Act 2006 Section 414c (11), the company's Strategic Report contains certain disclosures required in the Directors' Report. The requirements are included within the Review of Business, Future Developments and Principal Risks and Uncertainties section of the Strategic Report.

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 auditor, each of these directors confirms that:

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

AB SCIEX UK LIMITED

DIRECTORS' REPORT (CONTINUED)


THIRD PARTY INDEMNITIES

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

AUDITOR

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


K G Ward
Director

Date: 29/6/18

AB SCIEX 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

AB SCIEX UK LIMITED

Opinion

We have audited the financial statements of AB Sciex UK Limited for the year ended 31 December 2017 which comprise the Income Statement, the Balance Sheet, the Statement of other comprehensive income, the Statement of changes in equity and the related notes 1 to 19, 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 2017 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AB SCIEX UK LIMITED

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 AUDITOR'S REPORT TO THE MEMBERS OF

AB SCIEX UK LIMITED

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.



Fraser Bull (Senior statutory auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

Luton

Date

29 June 2018

AB SCIEX UK LIMITED

INCOME STATEMENT

For the year ended 31 December 2017

	Note	2017 £000	2016 £000
TURNOVER	3	13,588	15,992
Cost of sales		<u>(7,875)</u>	<u>(9,626)</u>
GROSS PROFIT		5,713	6,366
Administrative expenses		<u>(4,938)</u>	<u>(5,527)</u>
OPERATING PROFIT	4	775	839
Interest payable and similar charges	6	<u>(173)</u>	<u>(9)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		602	830
Tax (charge)/credit on profit on ordinary activities	7	<u>(49)</u>	<u>62</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>553</u>	<u>892</u>

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

All activities derive from continuing operations.

AB SCIEX UK LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

	2017	2016
	£000	£000
Profit for the year	553	892
Other comprehensive income	<u>-</u>	<u>-</u>
	553	892
Total Comprehensive income for the year	<u>553</u>	<u>892</u>

AB SCIEX UK LIMITED

Registered number 07007374

BALANCE SHEET
At 31 December 2017

	Note	2017 £000	2016 £000
FIXED ASSETS			
Intangible assets	8	1,181	1,181
Tangible assets	9	1,128	1,064
Investment	10	18,618	18,618
		<u>20,927</u>	<u>20,863</u>
CURRENT ASSETS			
Stock	11	567	599
Debtors			
- due within one year	12	6,396	3,813
Deferred tax	7	210	259
Cash at bank and in hand		-	-
		<u>7,173</u>	<u>4,671</u>
CREDITORS: amounts falling due within one year	13	(24,503)	(22,213)
NET CURRENT (LIABILITIES)/ASSETS		<u>(17,330)</u>	<u>(17,542)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,597	3,321
PROVISION FOR LIABILITIES AND CHARGES	14	(915)	(1,192)
NET ASSETS		<u>2,682</u>	<u>2,129</u>
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Retained earnings		<u>2,682</u>	<u>2,129</u>
TOTAL SHAREHOLDERS' FUNDS		<u>2,682</u>	<u>2,129</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

29 June 2018

K G Ward
Director



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

AB SCIEX UK LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Called-up share capital £000	Retained earnings £000	Total Shareholders funds £000
At 1 January 2016	-	1,237	1,237
Profit for the year	-	892	892
Total comprehensive income for the year	-	2,129	2,129
At 31 December 2016	-	2,129	2,129
Profit for the year	-	553	553
Total comprehensive income for the year	-	2,682	2,682
At 31 December 2017	-	2,682	2,682

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

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2017**

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

The financial statements of AB Sciex UK Limited (the "Company") for the year ended 31 December 2017 were authorised for issue by the board of directors on 29 June 2018 and the balance sheet was signed on the board's behalf by Keith Ward. AB Sciex 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 has used a true and fair view override in respect of the non-amortisation of goodwill (see note 2.4).

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 AB Sciex 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 2017.

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

- (a) The requirements of IFRS 7 *Financial Instruments: Disclosures*;
- (b) The requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- (c) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) Paragraph 79(a)(iv) of IAS 1;
 - (ii) Paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - (iii) Paragraph 118(e) of IAS 38 *Intangible Assets*;
- (d) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 111, and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (e) The requirements of IAS 7 *Statement of Cash Flows*;
- (f) The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (g) The requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- (h) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (i) The requirements of paragraphs 130(f)(ii)-130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

No new and amended standards and interpretations adopted by the Company.

There are no changes to IFRS effective in 2017 which have a material impact on AB Sciex UK Limited.

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2017**

2. ACCOUNTING POLICIES (continued)

2.3 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The 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 7.

Provisions

The directors are required to estimate the level of provision required in respect of warranties, onerous leases and restructure costs. Should estimates require management judgement and adjustments are made when the assumptions underlying the calculations change. See note 14.

Goodwill and investments

The directors are required to consider the need for impairment of goodwill and investments on an annual basis. This requires estimates of future cash flows of the company and investment company. See note 8 and 10 for further details.

2.4 SIGNIFICANT ACCOUNTING POLICIES

Turnover

The company acts as a non-exclusive distributor to purchase and distribute the products within the territory of UK, pursuant to the terms and condition, provide related services as Authorized Service Provider. The revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

The following criteria must also be met before revenue is recognised:

Sale of goods

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

Rendering of services

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

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2017

2. ACCOUNTING POLICIES (continued)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets – Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets, is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2017**

2. ACCOUNTING POLICIES (continued)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	over the life of the lease
Fixtures and fittings	3 to 10 years

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

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

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, as follows:

Raw materials and consumables - purchase cost on a first-in, first-out basis.

Work in progress and finished goods - cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs.

Cost of stock includes the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchase of materials. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2017**

2. ACCOUNTING POLICIES (continued)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The company has no branch.

Leases

All leases are 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. Where AB Sciex UK Limited is the lessor, operating lease income is recognised on a straight line basis. Assets acquired and held for use under operating leases are recorded as fixed assets and are depreciated on a straight line basis to their estimated residual values over their estimated useful lives. Property, plant and equipment leased under finance leases is capitalised and depreciated over its expected useful life. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

Pension costs

The Group operates a defined contribution pension scheme. The amount charged to the Profit and Loss Account represents contributions payable to the pension scheme in respect of the financial period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

Provision for liabilities

A provision is recognised when the company has a legal or contractual 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.

Provisions for the expected costs of maintenance under warranties are charged against profits when products have been invoiced. The effect of the time value of money is not material and therefore the provisions are not discounted. The Company periodically initiates restructuring activities to appropriately position the Company's cost base relative to prevailing economic conditions. Costs associated with restructuring actions can include one-time termination benefits, contract termination and other related activities. The Company records the cost of the restructuring activities when the associated liability is incurred.

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2017**

2. ACCOUNTING POLICIES (continued)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Corporation tax payable is provided on taxable profits at the current rate, as reduced by group relief claimed or surrendered at nil cost. Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

Both current and deferred tax are measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Financial instruments

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 classed 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 direct to equity.

i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan notes, quoted and unquoted financial instruments, and derivative financial instruments.

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2017

2. ACCOUNTING POLICIES (continued)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

Available-for-sale financial assets

Available-for-sale financial investments include equity securities. Equity investments classified as available-for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the unrealised gains and losses reserve.

When the investment is derecognised, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in other operating expenses and removed from the unrealised gains and losses reserve.

The Company evaluates its available-for-sale financial assets and whether the ability and intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and when the Company has the intent and ability to hold these assets for the foreseeable future or until maturity.

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2017**

2. ACCOUNTING POLICIES (continued)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2017

2. ACCOUNTING POLICIES (continued)

2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iv) Fair values

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

v) Derivative financial instruments and hedging

Derivative financial instruments have not been applied.

Hedge accounting has not been applied.

3. TURNOVER

	2017 £000	2016 £000
Sales of goods	7,915	11,118
Rendering of services	5,673	4,874
	<u>13,588</u>	<u>15,992</u>

Turnover relates to sales and services within the United Kingdom.

4. OPERATING PROFIT

Operating profit is stated after charging / (crediting):

	2017 £000	2016 £000
Cost of stock charged to cost of sales	4,333	5,145
Depreciation of tangible fixed assets		
- on owned assets	250	307
Operating lease rentals		
- land and buildings	145	131
- other	329	408
Auditors' remuneration	32	-
(Gain)/Loss on disposal of fixed assets	-	(8)
Exchange differences	2	6

* Audit fees were borne by AB Sciex Finance B.V. in 2016.

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2017**

5. STAFF COSTS

(a) Staff costs

	2017	2016
	£000	£000
Staff costs during the year		
Wages and salaries	4,680	4,480
Social security costs	785	725
Other pension costs	349	331
	<u>5,814</u>	<u>5,536</u>
	2017	2016
	No.	No.
Average numbers of persons employed		
Sales and distribution	65	58
Administration	20	25
	<u>85</u>	<u>83</u>

(b) Directors' emoluments

None of the directors received emoluments from the company during the period in respect of their services to the company. None of the directors' emoluments paid by other group companies was allocated to the company.

None of the directors were members of the pension scheme in the period and none received benefits under money purchase pension schemes.

No director received shares in respect of qualifying services or exercised share options in either the current or preceding period.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
Intercompany interest payable	116	-
Other interest payable	57	9
	<u>173</u>	<u>9</u>

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2017**

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax charged in the income statement

	2017 £000	2016 £000
Current UK tax		
Corporation tax at the standard rate of 19.25% (2016: 20%)	-	-
Adjustment in respect of prior periods	-	-
	-	-
Deferred tax		
Charge/(credit) for the year	49	(63)
Adjustment in respect of prior periods	-	1
	49	(62)
	49	(62)
Taxation charge / (credit) for the year	49	(62)

(b) Reconciliation of the total tax charge

The differences between the total current tax shown above and the amount calculated by applying the rate of UK corporation tax to the profit before tax are as follows:

	2017 £000	2016 £000
Profit before tax	602	830
Tax on profit on ordinary activities at standard UK corporation tax rate of 19.25% (2016: 20%)	116	166
Effects of:		
Expenses/(income) not deductible/(taxable) for tax purposes	(2)	11
Difference in tax rates	(1)	3
Prior year adjustment to deferred tax	-	1
Group relief	(64)	(243)
	49	(62)
Total tax charge/(credit) for the year	49	(62)

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2017

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(c) Deferred Tax

Deferred tax asset is provided as follows:

	Other	
	2017	2016
	£000	£000
Deferred tax asset as at 1 January	259	197
(Charge)/credit to profit and loss account	(49)	63
Adjustment in respect of prior years	-	(1)
	<u>210</u>	<u>259</u>
Deferred tax asset as at 31 December		

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

	Recognised		Not recognised	
	2017	2016	2017	2016
	£000	£000	£000	£000
Fixed assets	141	174	-	-
Trade losses	-	-	-	-
Short term timing differences	<u>69</u>	<u>85</u>	<u>-</u>	<u>-</u>
Deferred tax asset as at 31 December	<u>210</u>	<u>259</u>	<u>-</u>	<u>-</u>

(d) Change in Corporation Tax rate

The Summer Finance Act 2015 included legislation to reduce the main rate of corporation tax to 19% effective from 1 April 2017. The Finance Act 2016 included legislation to reduce the main rate of corporation tax to 17% effective from 1 April 2020.

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

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2017**

8. INTANGIBLE FIXED ASSETS

	Goodwill £000
Cost	
At 1 January 2017	1,181
At 31 December 2017	<u>1,181</u>
Impairment	
At 1 January 2017	-
At 31 December 2017	-
Carrying Value	<u>1,181</u>

Goodwill acquired through business combinations has been allocated to one cash-generating unit, namely AB Sciex UK as a whole.

This represents the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the board covering a three-year period. Based on the analysis no impairment is required.

9. TANGIBLE FIXED ASSETS

	Dilapidations £000	Leasehold improvements £000	Fixtures, fittings, plant & machinery £000	Total £000
Cost				
At 1 January 2017	193	335	1,512	2,040
Additions	-	-	469	469
Disposals	-	-	(222)	(222)
At 31 December 2017	<u>193</u>	<u>335</u>	<u>1,759</u>	<u>2,287</u>
Depreciation				
At 1 January 2017	124	206	646	976
Charge for the year	-	55	195	250
Disposals	-	-	(67)	(67)
At 31 December 2017	<u>124</u>	<u>261</u>	<u>774</u>	<u>1,159</u>
Net book value				
At 31 December 2017	<u>69</u>	<u>74</u>	<u>985</u>	<u>1,128</u>
At 1 January 2017	<u>69</u>	<u>129</u>	<u>866</u>	<u>1,064</u>

Fixtures, fittings and machinery are neither held under operating lease nor in finance lease.

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS **Year ended 31 December 2017**

10. INVESTMENT

	Total
	£000
At 1 January 2017	18,618
Additions	-
At 31 December 2017	<u>18,618</u>

On 14 November 2016 the Company acquired 100% of the ordinary shares of Phenomenex Limited, a private company based in England. Phenomenex Limited's registered address is Melville House, Queens Avenue, Macclesfield, Cheshire, SK10 2BN.

11. STOCKS

	2017	2016
	£000	£000
Finished goods and goods for resale	<u>567</u>	<u>599</u>
	<u>567</u>	<u>599</u>

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

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£000	£000
Trade debtors	2,627	3,375
Amounts owed by other group undertakings	3,511	129
Prepayments and accrued income	<u>258</u>	<u>309</u>
	<u>6,396</u>	<u>3,813</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£000	£000
Trade creditors	14	194
Amounts owed to other group undertakings *	18,877	16,241
Other taxation and social security	993	828
Accruals and deferred income	<u>4,619</u>	<u>4,950</u>
	<u>24,503</u>	<u>22,213</u>

*On 28 December 2016 an intercompany loan was obtained from Phenomenex Limited of £10.2 million. Interest accrued at a variable rate of interest per annum equal to the 3-month LIBOR + 1.27%. The loan was settled in 2017.

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2017

14. PROVISION FOR LIABILITIES AND CHARGES

	Warranty provision £000	Dilapidations provision £000	Restructuring provision £000	Total £000
At 1 January 2017				
- Current	149	-	230	379
-Non-current	-	193	620	813
	149	193	850	1,192
Utilised/paid during the year	(228)	-	(246)	(474)
Arising during the year	197	-	-	197
At 31 December 2017	118	193	604	915
- Current	118	-	246	364
-Non-current	-	193	358	551
	118	193	604	915

Warranty provision

The provision for product warranties relates to expected warranty claims on products sold in the period. It is expected that this expenditure will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the one year warranty period for all products sold.

Dilapidations provision

A dilapidation provision is recognised for the expected cost of returning the leasehold property to the state and condition required by the lease agreements at their termination.

Restructuring provision

During 2017, the company recorded office restructuring charges totalling £nil (2016: £850,000), which represented the onerous least costs arising on the property occupied by the company, £246,000 was utilised during the year and the provision will be utilised up until 2020.

15. CALLED UP SHARE CAPITAL

	2017 £	2016 £
Authorized, called up, allotted and fully paid		
1 ordinary share of £1 (2017: 1)	1	1
	1	1

The balance classified as equity share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £1 ordinary shares.

16. GUARANTEES AND OBLIGATIONS UNDER LEASES

Guarantees

The company has not provided guarantees at 31 December 2017.

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2017

16. GUARANTEES AND OBLIGATIONS UNDER LEASES (CONTINUED)

Operating lease agreements where the Company is lessee

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

	Land and buildings 2017 £000	Other 2017 £000	Land and buildings 2016 £000	Other 2016 £000
Not later than one year	275	241	275	13
After one year but less than five years	550	263	825	540
After five years	-	-	-	-
	<u>825</u>	<u>504</u>	<u>1,100</u>	<u>553</u>

Operating lease agreements where the Company is lessor

Future minimum rentals receivable under non-cancellable operating leases for instruments are as follows:

	2017 £000	2016 £000
Not later than one year	157	157
After one year but less than five years	181	338
After five years	-	-
	<u>338</u>	<u>495</u>

17. PENSION ARRANGEMENTS

Defined contribution schemes

The group operates a defined contribution pension scheme and makes contributions to a number of money purchase personal pension schemes on behalf of its employees and directors. The pension cost charge represents contributions payable by the company and amounted to £348,602 (2016: £330,562). The unpaid pension contribution as at year end was £50,164 (2016: £47,201).

18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

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

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

AB SCIEX UK LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2017

19. 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.