

Pall Manufacturing UK Limited

Financial Statements for the Year Ended 31 July 2015

Registered Address

Pall Manufacturing UK Limited
5 Harbourgate Business Park
Southampton Road
Portsmouth
PO6 4BQ

Registered Number

769075

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Pall Manufacturing UK Limited

Index

Officers and advisors	1
Strategic report	2
Directors' report	3 to 4
Statement of directors' responsibilities	5
Independent auditor's report	6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10 to 26

Pall Manufacturing UK Limited
Officers and Advisors

Directors

C Munslow
H Chapman
S Hart
M Ayres
T Mason

Resigned 30th January 2015
Appointed 30th January 2015
Resigned 5th April 2016
Appointed 5th April 2016

Secretary

C Munslow

Registered office

5 Harbourgate Business Park
Southampton Road
Portsmouth
PO6 4BQ

Solicitors

Eversheds LLP
One Wood Street
London
EC2V 7WS

Bankers

HSBC
South Corporate Banking Centre
2nd Floor, HSBC House
Mitchell Way
Southampton
SO18 2XU

Auditor

KPMG LLP
Gateway House
Tollgate
Chandlers Ford
SO53 3TG

Pall Manufacturing UK Limited

Strategic Report for the Year Ended 31 July 2015

Principal activity and business review

The principal activity of the company was the provision of toll manufacturing services to a fellow group company based in Switzerland under a tolling agreement.

The main KPIs of the Company include delivery performance, Days Inventory Outstanding and material variances. During the year the Company met all expectations of the tolling agreement, meeting the demand for the services of the company while maintaining an appropriate level of quality. The KPI results for Pall Manufacturing Ltd in relation to the tolling agreement are not available as the tolling agreement is assessed on a site by site basis and evaluated overall by Pall International Sarl.

The Newquay manufacturing site has become the global Centre of Excellence for medical products and as a result production lines have continued to be transferred from a fellow group company in Puerto Rico to the Newquay site. Future growth prospects for the plant look strong, with several new products in the pipeline and the Medical management continues to review where Medical products are sourced from globally.

The Ilfracombe site continues to grow based on its focus on the Biopharm market. Revenue growth at the Ilfracombe plant has historically tracked the market trend, so the prospects for the plant look strong.

The Walton Road Portsmouth plant has seen continued growth in the Chromatography Columns business.

The company ended the year with net assets of £54 million (2014: £48 million) and retained earnings of £30 million (2014: £25 million).

Principle risks and uncertainties

Any risks impacting the ultimate parent company will cascade to Pall Manufacturing UK Limited. A full description of the risks and uncertainties impacting the ultimate parent company can be found in the Danaher Corporation group financial statements (see Note 24).

Risks specifically relating to the Company are in meeting the terms of the tolling agreement and in particular the management of adverse manufacturing variances. The on-going operations of the Company are dependent on the tolling agreement, and therefore the continuing relationship with the principal company.

In order to mitigate these risks the Company maintains regular communication with the principal about manufacturing related issues.

The tolling model that Pall Manufacturing UK Limited operates under has largely removed foreign exchange risk from the Company.

Pall Manufacturing UK Limited is the sponsoring employer for The Pall UK Pension Fund, which is closed to new members and accruals. The Pension fund is in a net asset position as at 31 July 2015.

There is a risk that if either the rate of return on UK Government stocks was to decrease or stock markets were to significantly deteriorate the liability of the Company would increase (see Note 21).

By order of the board

T Mason
Director



27th April 2016

Pall Manufacturing UK Limited

Directors' Report for the Year Ended 31 July 2015

The directors present their report and the audited financial statements for the year ended 31 July 2015. The directors have elected to present the business review, analysis of key performance indicators and principle risks and uncertainties in the Strategic Report on page 2.

Directors

The directors who held office during the year were as follows:

H Chapman	Resigned 30 th January 2015
S Hart	Appointed 30 th January 2015
M Ayres	Resigned 5 th April 2016
C Munslow	
T Mason	Appointed 5 th April 2016

In accordance with the Articles of Association, directors are not required to retire from the board on a rotational basis.

Recommended dividend

The directors do not recommend the payment of a dividend.

Future developments

The directors intend to continue the provision of toll manufacturing services to a fellow group company based in Switzerland under a tolling agreement.

Research and development

Research and development is conducted by other group companies.

Financial instruments

The group has established a risk and financial management framework whose primary objectives are to protect the group from events that hinder the achievement of the group's performance objectives. The objectives aim to limit counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Employees

The Company recognises the benefits of keeping employees informed of the progress of the business. During the year the employees were regularly provided with information regarding the financial and economic factors affecting the performance of the Company, their site and on other matters of concern to them as employees, through the medium of monthly briefings at employee consultative group meetings for each site. These meetings allow communication of the views of employees which can be taken into account in making decisions which are likely to affect their interests. Twice a year the site consultative groups are brought together for a common UK meeting to address national questions. Minutes of all these meetings are posted on the company intranet for all employees to view.

The group operates an employee share purchase scheme which is available to employees of the Company to enable them to participate in the Company's performance.

The Company's policy with regard to the employment of disabled persons is that equal consideration is given to all applications from both able and disabled persons, subject only to the overriding consideration of safety. The special needs of disabled employees for training and advancement are kept under review.

Pall Manufacturing UK Limited
Directors' Report for the Year Ended 31 July 2015 (continued)

Events since the balance sheet date

On 31 August 2015, Danaher Corporation, a company incorporated in the United States of America, purchased 100% of the share capital of Pall Corporation.

At the time of acquisition, all outstanding share options were cancelled and paid out at \$127.20 (£82.67) per share.

During the year, the Pall Corporation group performed various reorganisation's in the group structure. As a result of this, in December 2015 the immediate parent company of Pall Manufacturing UK Limited was changed to Launchchange Operations, a subsidiary of Danaher Corporation.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and will therefore continue in office.

Approved by the Board and signed on its behalf by:



T Mason
Director
Date- 27th April 2016

Pall Manufacturing UK Limited
Statement of Directors' Responsibilities

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements for the Year Ended 31 July 2015

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

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

The financial statements are required by law to 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Pall Manufacturing UK Limited

We have audited the financial statements of Pall Manufacturing UK Limited for the year ended 31 July 2015 set out on pages 7 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report or for the opinion we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Jonathan Russell

Jonathan Russell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Gateway House
Tollgate
Chandlers Ford
SO53 3TG

Date: 28 April 2016

Pall Manufacturing UK Limited
Profit and Loss Account for the Year Ended 31 July 2015

	Note	2015 £ 000	2014 £ 000
Turnover	2	62,838	83,108
Cost of sales		-	-
Gross profit		<u>62,838</u>	<u>83,108</u>
Other operating costs		-	-
Administrative expenses		(59,096)	(78,250)
Operating profit	3	<u>3,742</u>	<u>4,858</u>
Interest receivable and similar income	6	68	13
Other finance (expense)/income	21.2	576	(1,533)
Dividend income		-	-
Interest payable and similar charges	7	(740)	(1,062)
Profit on ordinary activities before taxation		<u>3,646</u>	<u>2,276</u>
Tax on profit on ordinary activities	8	2,080	(3,489)
Profit / (Loss) for the financial year	18	<u><u>5,726</u></u>	<u><u>(1,213)</u></u>

There is no material difference between the result reported above and the result on an unmodified historical cost basis.

Pall Manufacturing UK Limited

Statement of Total Recognised Gains and Losses for the Year Ended 31 July 2015

	Note	2015 £ 000	2014 £ 000
Net profit / (loss) for the year		5,726	(1,213)
Actuarial gain/(loss) recognised in the pension scheme	21	934	2,134
Effect of asset limit	21	(1,274)	(429)
Deferred tax on pension movement		(187)	(40)
Total gains/(losses) for the year		<u>5,199</u>	<u>452</u>

The notes on pages 10 to 26 form an integral part of these financial statements.

Pall Manufacturing UK Limited
Balance Sheet as at 31 July 2015

	Note	2015 £ 000	2014 £ 000
Fixed assets			
Tangible assets	9	34,390	36,963
Investments	10	<u>13,937</u>	<u>8,337</u>
		48,327	45,300
Current assets			
Stock	11	1,814	1,530
Debtors (Inc. £40m due after more than one year), (2014: £40m)	12	69,638	82,213
Cash at bank and in hand		<u>6,376</u>	<u>16,944</u>
		77,828	100,687
Creditors: Amounts falling due within one year	13	<u>(10,577)</u>	<u>(33,839)</u>
Net current assets		<u>67,251</u>	<u>66,848</u>
Total assets less current liabilities		115,578	112,148
Creditors: Amounts falling due after more than one year	14	(62,000)	(62,000)
Provisions for liabilities	15	<u>-</u>	<u>(1,580)</u>
Net assets excluding pension liabilities		53,578	48,568
Pension liabilities	21.2	<u>-</u>	<u>(189)</u>
Net assets including pension liabilities		<u>53,578</u>	<u>48,379</u>
Capital and reserves			
Called up share capital	16	21,000	21,000
Other reserves	17	2,469	2,469
Profit and loss reserve	17	<u>30,109</u>	<u>24,910</u>
Equity shareholders' funds	18	<u>53,578</u>	<u>48,379</u>

Approved by the Board on 27th April 2016 and signed on its behalf by:

.....
T Mason
Director

The notes on pages 10 to 26 form an integral part of these financial statements.

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The Company has prepared company accounts and not consolidated accounts as it has taken advantage of the equivalence exception under s401 of the Companies Act 2006 since the Directors consider the consolidated financial statements of its ultimate parent company Danaher Corporation (a company incorporated in the USA) to be prepared under an equivalent GAAP.

The going concern basis of accounting has been used to prepare the financial statements. The Directors consider this is appropriate because the company is profitable and has an appropriate pipeline of tolling work from a fellow group company hence there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern. The main risks faced by the Company are disclosed in the Strategic report and the Directors are comfortable that these risks do not impact upon the Company's ability to continue as a going concern.

The Company has applied the following accounting policies consistently in dealing with items which are considered material in relation to the financial statements.

Cash flow statement

As the Company is a wholly owned subsidiary of Danaher Corporation (US), whose accounts are available from Securities Exchange Commission (SEC, New York), it is exempt under FRS1 from the requirement to present a cash flow statement.

Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of services to group companies, under a tolling arrangement.

Stock and Work in Progress

Stock comprises tooling and consumables.

Government Grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Investments

Investments are stated at cost less any provisions for permanent diminution in value.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, by equal instalments, over their expected useful economic life as follows:

Plant and equipment	10% to 33% straight line basis
Furniture and fixtures	10% to 12.5% straight line basis
Freehold buildings	2% straight line basis

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

1 Accounting policies (continued)

Deferred tax is provided in full on timing differences which represent a liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of income or expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Operating leases

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

Share based payments

The fair value of cash settled options and restricted stock units (RSUs) granted after 7th November 2002 is recognised as an employee expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value is measured based on an option pricing model taking in to account the terms and conditions upon which the instruments were granted. The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account.

The share options and RSUs are equity settled in the accounts of Pall Corporation, but there is a recharge to the Company, the cost of which is considered to be closely linked to the cost of the share options and RSUs. Therefore, these have been accounted for as cash settled. The cost of the recharge is charged to the P&L each year, as an employee expense, with a corresponding credit recorded in creditors or accruals, depending on the timing of the recharge. An accrual is made for the expected future recharge in respect of outstanding options at the end of the period.

Pensions

Defined contributions

The company operates a group personal pension plan. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the plan.

Defined benefits

The company operates two closed defined benefit pension schemes, the details of which are found in note 21.

2 Turnover

All turnover is derived from a fellow subsidiary in Europe.

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

3 Operating profit

Operating profit is stated after charging/ (crediting):

	2015 £ 000	2014 £ 000
Hire of other assets (Operating leases)	298	355
Auditor's remuneration	-	-
Foreign currency gains	89	21
Loss on sale of tangible fixed assets	136	954
Depreciation of owned tangible fixed assets	<u>5,100</u>	<u>5,574</u>

Fees for the audit of the company's annual accounts were paid by a fellow subsidiary of Pall Corporation.

4 Particulars of employees

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

	2015 No.	2014 No.
Productive departments	1,018	1,072
General administration	<u>16</u>	<u>14</u>
	<u>1,034</u>	<u>1,086</u>

The aggregate payroll costs of these persons were as follows:

	2015 £ 000	2014 £ 000
Wages and salaries	39,254	38,135
Redundancy	626	3,536
Share based payments	85	118
Social security	2,883	2,979
Other pension costs	<u>1,103</u>	<u>1,189</u>
	<u>43,951</u>	<u>45,957</u>

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

5 Directors' emoluments

The disclosure of the emoluments of the UK directors is available in the accounts of Pall Europe Limited.

6 Interest receivable and similar income

	2015 £ 000	2014 £ 000
Interest receivable from group undertakings	53	-
Other interest receivable	15	13
	<u>68</u>	<u>13</u>

7 Interest payable and similar charges

	2015 £ 000	2014 £ 000
Interest payable to group undertakings	740	1,062
	<u>740</u>	<u>1,062</u>

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

8 Taxation

Analysis of current period tax (credit) / charge

	2015 £ 000	2014 £ 000
Current tax		
Corporation tax charge	-	-
Adjustment in respect of prior years	-	73
Total current tax	-	73
Deferred tax (see note 15)		
Origination and reversal of timing differences		
Pension schemes	(140)	2,877
In respect of all other assets and liabilities	793	-
Adjustment in respect of prior periods	(2,733)	-
Other	-	539
Total tax on profit on ordinary activities	(2,080)	3,489

Factors affecting current period tax charge

The tax assessed on the profit on ordinary activities for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.67%.

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Profit on ordinary activities before taxation	<u>3,646</u>	<u>2,276</u>
Standard rate corporation tax charge 20.67% (2014-22.33%)	754	508
Expenses not deductible for tax purposes	236	(91)
Reclassify investment provision	-	(141)
Short term timing differences	(707)	(1,253)
Depreciation in excess of capital allowances	(232)	106
Tax losses carried forwards	-	396
Group relief surrendered for nil consideration	(51)	475
Adjustment to tax in prior periods	-	73
Total current tax for the year	<u>-</u>	<u>73</u>

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

9 Tangible fixed assets

	Freehold land and buildings £ 000	Furniture & fixtures £ 000	Plant and machinery £ 000	Total £ 000
Cost				
As at 1 August 2014	17,038	15,952	93,923	126,913
Additions	92	1,021	3,931	5,044
Transfers from group companies	-	-	-	-
Transfers to group companies	(108)	(557)	(8,921)	(9,586)
Disposals	-	(6)	(962)	(968)
As at 31 July 2015	<u>17,022</u>	<u>16,410</u>	<u>87,971</u>	<u>121,403</u>
Depreciation				
As at 1 August 2014	8,771	12,306	68,873	89,950
Charge for the year	323	623	4,154	5,100
Transfers from group companies	-	-	-	-
Transfers to group companies	(17)	(309)	(7,139)	(7,465)
Eliminated on disposals	-	(5)	(567)	(572)
As at 31 July 2015	<u>9,077</u>	<u>12,615</u>	<u>65,321</u>	<u>87,013</u>
Net book value				
As at 31 July 2015	<u>7,945</u>	<u>3,795</u>	<u>22,650</u>	<u>34,390</u>
As at 31 July 2014	<u>8,267</u>	<u>3,646</u>	<u>25,050</u>	<u>36,963</u>

The net book value of the land and buildings comprises entirely freehold land and buildings.

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

10 Investments held as fixed assets

	Shares in group undertakings	Other investments	Total
	£000	£000	£000
Cost			
As at 1 August 2014	10,082	41	10,123
Addition	5,600	-	5,600
As at 31 July 2015	<u>15,682</u>	<u>41</u>	<u>15,723</u>
Provision			
As at 1 August 2014	(1,786)	-	(1,786)
As at 31 July 2015	<u>(1,786)</u>	<u>-</u>	<u>(1,786)</u>
Net book value			
As at 31 July 2015	<u>13,896</u>	<u>41</u>	<u>13,937</u>
As at 31 July 2014	<u>8,296</u>	<u>41</u>	<u>8,337</u>

The Company has previously provided for the value of its investment in Pall Euroflow Limited, which is in liquidation.

During the year, the company made an additional capital contribution to Pall Technology UK Ltd of £5,600,000.

The Company holds more than 20% of the share capital of the following companies directly:

	Country of incorporation	Principal activity	Class	%
Subsidiary undertakings				
Pall Europe Limited	England	Sales & services	Ordinary	100
Pall Euroflow Limited (in liquidation)	England	Dormant	Ordinary	100
Pall Verwaltungs GmbH.	Germany	Property holding	Ordinary	100
Pall Technologies UK Limited	England	IP holding	Ordinary	100

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

11 Stocks and work in progress

	2015 £ 000	2014 £ 000
Raw materials and consumables	<u>1,814</u>	<u>1,530</u>
	<u>1,814</u>	<u>1,530</u>

The difference between purchase price and their replacement cost is not considered to be material.

12 Debtors

	2015 £ 000	2014 £ 000
Amounts owed by group undertakings	67,807	80,870
Other debtors	732	461
Deferred tax (see note 15)	360	-
Prepayments and accrued income	<u>739</u>	<u>882</u>
	<u>69,638</u>	<u>82,213</u>

Amounts owed by group undertakings includes £40,000,000 (2014 - £40,000,000) due after more than one year, and includes interest bearing and non-interest bearing balances.

13 Creditors: Amounts falling due within one year

	2015 £ 000	2014 £ 000
Trade creditors	1,780	2,333
Amounts owed to group undertakings	760	23,264
Social security and other taxes	237	506
Accruals and deferred income	<u>7,800</u>	<u>7,736</u>
	<u>10,577</u>	<u>33,839</u>

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

14 Creditors: Amounts falling due after more than one year

	2015 £ 000	2014 £ 000
Intercompany loan due after more than five years	62,000	62,000
	<u>62,000</u>	<u>62,000</u>

Rate of borrowing

At both year ends the company has a loan for £62,000,000 from a group entity based in The Netherlands. This loan bears an interest rate of 0.125% above one year LIBOR and is repayable on 21 October 2028. The loan is not secured against specific assets of the company.

15 Deferred tax

	Deferred tax provision £ 000
As at 1 August 2014	1,580
Deferred tax provision charged to the profit and loss account	(1,940)
As at 31 July 2015	<u>(360)</u>

Deferred tax is provided at 20.00% (2014 - 20.00%).

	2015 £ 000	2014 £ 000
Accelerated rate of capital allowances over depreciation and amortisation	730	1,585
Other timing differences	(1,090)	1,288
Tax losses carried forwards	-	(1,293)
	<u>(360)</u>	<u>1,580</u>

Finance Act 2013 included legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. The 20% rate has been applied in the calculation of deferred tax in these financial statements.

The Summer Finance Bill 2015 includes legislation to reduce the main rate of corporation tax to 19% effective from 1 April 2017 and to 18% from 1 April 2020. A further reduction in the UK Corporation tax to 17% from 01 April 2020 was announced in the Budget on 16 March 2016. As this had not been substantially enacted at the balance sheet date, the reported deferred tax asset has not been reduced. The impact of the rate reductions will be reported in the next reporting period following the substantive enactment of the relevant legislation.

Substantive enactment of the full reduction to 17% would reduce the reported recognised deferred tax asset by approximately £54,000.

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

16 Share capital

	2015 £ 000	2014 £ 000
Allotted, called up and fully paid		
Equity		
21,000,000 Ordinary shares of £ 1.00 each	<u>21,000</u>	<u>21,000</u>

17 Reserves

	Other reserves £ 000	Profit and loss reserve £ 000
Balance at 1 August 2014	2,469	24,910
Transfer from profit and loss account for the year	-	5,726
Other gains/(losses) recognised in statement of total gains and losses	-	(527)
Balance at 31 July 2015	<u>2,469</u>	<u>30,109</u>

18 Reconciliation of movements in shareholder's funds

	2015 £ 000	2014 £ 000
Profit/(loss) attributable to shareholders' of the company	5,726	(1,213)
Dividends on shares classified in shareholder's funds	-	-
Other recognised losses for the year	(527)	1,665
Net increase/(reduction) in shareholder's funds	<u>5,199</u>	<u>452</u>
Opening equity shareholder's funds	<u>48,379</u>	<u>47,927</u>
Closing equity shareholder's funds	<u>53,578</u>	<u>48,379</u>

19 Commitments

Capital commitments

Expenditure contracted for but not provided in the financial statements:

	2015 £ 000	2014 £ 000
Contracted	-	1,081

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

20 Operating lease commitments

As at 31 July 2015 the company had annual commitments under non-cancellable operating leases as follows

	Other	
Ending:	2015	2014
	£ 000	£ 000
Within one year	4	50
Within two and five years	140	91
After more than five years	-	-
	<u>144</u>	<u>141</u>

21 Pension schemes

21.1 Defined contribution pension plan

The company operates a group personal pension plan. The pension cost charge for the period represents contributions payable by the company to the plan and amounted to £1,102,810 (2014 - £1,188,819).

Contributions totalling £217,983 (2014 - £126,168) were payable to the Plan at the end of the year and are included in creditors.

21.2 Defined Benefit Pension Schemes

The company operates two defined benefit pension schemes, both of which are now closed to new members and accruals. The Pall (UK) Pension Fund has around 1,646 members of which around 1,061 are deferred. The Pall Supplementary Pension Scheme was open to certain members of the Pall (UK) Pension Fund and has similar investments to that scheme.

The youngest member of the Pall (UK) Pension Fund is due to retire in over 30 years. The youngest member of the Pall Supplementary Pension Scheme is due to retire in over 5 years.

As the Company does not expect to benefit from reduced future payments, nor a reimbursement from the pension scheme resulting from the Net Asset position, the Pension Asset has not been recognised in the accounts, in line with UK GAAP Accounting policies."

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

21.2 Defined Benefit Pension Schemes - continued

Reconciliation of combined scheme liabilities and scheme assets to assets and liabilities recognised.

The amounts recognised in the balance sheet are as follows:

	2015	2014
	£ 000	£ 000
Present value of scheme liabilities	196,190	181,158
Fair value of scheme assets	(197,893)	(181,351)
(Surplus)/Deficit	(1,703)	(193)
Effect of asset limit	1,703	429
Related deferred tax asset	-	(47)
Net liability	-	189

Amounts recognised in the balance sheet

Liability	196,190	181,158
Asset (including related deferred tax asset)	(196,190)	(180,969)
Net (asset)/liability	-	189

Amounts recognised in the Statement of Total Recognised Gains and Losses

The total amount recognised in the Statement of Total Recognised Gains and Losses is:

	2015	2014
	£ 000	£ 000
Loss as at start of year	(67,548)	(69,253)
Gain/(Losses) recognised in the year	(340)	1,705
Loss as at end of year	(67,888)	(67,548)

The cumulative amount of gains or losses, which arise solely on actuarial gains and losses reported in the Statement of Total Recognised Gains and Losses is a loss of £13,519,000 (2014 - £14,453,000).

Amounts recognised in profit and loss account

The amounts recognised in profit and loss account are as follows:

	2015	2014
	£ 000	£ 000
Current service costs (scheme expenses)	(661)	(566)
Interest on pension scheme liabilities	(7,663)	(8,168)
Expected return on pension scheme assets	8,239	6,635
Total	(85)	(2,099)

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

21.2 Defined Benefit Pension Schemes - continued

The expenses above are recognised in the following sections of the profit and loss:

	2015 £ 000	2014 £ 000
Administrative expenses	(661)	(566)
Other finance (expense)/income	576	(1,533)
Total	<u>(85)</u>	<u>(2,099)</u>

Scheme liabilities

Changes in the present value of the scheme liabilities (and obligations) are as follows:

	2015 £ 000	2014 £ 000
Benefit obligation as at the start of the year	181,158	180,490
Current service costs	661	566
Interest cost	7,663	8,168
Actuarial losses – experience losses on liabilities	12,642	(1,100)
Benefits paid	<u>(5,934)</u>	<u>(6,966)</u>
Benefit obligation as at the end of the year	<u>196,190</u>	<u>181,158</u>

All defined benefit obligations are wholly or partially funded.

Scheme assets

Changes in the fair value of the scheme assets are as follows:

	2015 £ 000	2014 £ 000
Fair value of scheme assets as at 1 st August 2014	181,351	165,668
Expected return on scheme assets	8,239	6,635
Actuarial gains/(losses)	13,576	1,034
Employer's contributions	661	14,980
Benefits paid	<u>(5,934)</u>	<u>(6,966)</u>
Fair value of scheme assets as at 31 st July 2015	<u>197,893</u>	<u>181,351</u>

	Long term rate of return	Long term rate of return
	2015	2014
Equities	5.5%	6.3%
Bonds	3.8%	4.3%
Property	5.5%	6.3%
Other	3.8%	0.5%

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

21.2 Defined Benefit Pension Schemes – continued

Future contributions

The Company expects to contribute £Nil (2014:£235,000) to the defined benefit pension schemes in the next accounting period.

Analysis of assets

The major categories of scheme assets are as follows:

	2015	2014
	£ 000	£ 000
Equities	47,445	37,698
Bonds	83,529	120,276
Property	9,910	10,771
Other	57,009	10,771
	<u>197,893</u>	<u>179,516</u>
 Actual return on plan assets	 <u>21,700</u>	 <u>7,590</u>

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes.

Principal actuarial assumptions

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate at end of year	3.8%	4.3%
Future salary increases	N/A	N/A
Future pension increases for pensions in payment	3.4%	3.5%
Future pension increases for pensions in deferment (CPI)	2.5%	2.5%
Price inflation	3.5%	3.5%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

	MALE	FEMALE
Current Pensioner aged 65	24.4	26.5
Future retiree upon reaching 65	27.1	29.4

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

21.2 Defined Benefit Pension Schemes – continued

History of experience adjustments on scheme liabilities and scheme assets

Amounts for the current and previous four periods are as follows:

	2015	2014	2013	2012	2011
	£ 000	£ 000	£ 000	£ 000	£ 000
Present value of scheme liabilities	(196,190)	(181,158)	(180,490)	(167,230)	(158,378)
Fair value of scheme assets	197,893	181,351	165,668	148,705	144,337
Surplus/(Deficit) in the scheme	1,703	193	(14,822)	(18,525)	(14,041)
Experience adjustments arising on scheme assets	13,576	1,034	10,901	4,373	(8,911)
Changes in assumptions used to value scheme liabilities	-	-	-	-	-
Experience adjustments arising on scheme liabilities	12,642	(1,101)	11,211	-	(6,075)

22 Share based payments

Pall Corporation operates various share plans. All instruments are issued with Pall Corporation stock and not those of any subsidiaries. This stock is listed on the SEC (Securities and exchange commission, New York, United States). The Central Index Key (CIK) 0000075829 or the 'ticker' for this stock is 'PLL' and issuances are denominated in US dollars. The employee is under no obligation to sell the shares once exercised/vested however a taxable gain is recorded at this point.

Restricted stock units

Pall Corporation operates a share arrangement for senior managers that allows for the issue of restricted units which vest after four years. At the end of the four year cycle the employee must purchase the stock and the tax is deducted.

Share options

Pall Corporation currently has three share option schemes. The schemes have UK Sub plans which allow the employee to take advantage of enhanced taxable treatment set out by HMRC. Options are issued to staff as an incentive and in recognition of their work. Each tranche of options is issued at the closing rate of the stock on the issue date.

The options vest in four equal instalments at the end of each of the first four years and have a maximum term of ten years.

Employee share purchase plan

Pall Corporation operates a share arrangement for staff allowing them to acquire shares at a discount at six monthly intervals.

All of the above share options and RSUs are issued by Pall Corporation to employees of the Company. The share options and RSUs are equity settled in the accounts of Pall Corporation, but there is a recharge to the Company, the cost of which is considered to be closely linked to the cost of the share options and RSUs. Therefore, these have been accounted for as cash settled. The cost of the recharge is charged to the P&L each year, with a corresponding credit recorded in creditors or accruals, depending on the timing of the recharge. An accrual is made for the expected future recharge in respect of outstanding options at the end of the period.

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

22 Share based payments (continued)

The total liability arising from share based payment transactions at the end of the year amounted to £85,005 (2014 – £541,364).

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

	2015 No. of options	2014 No. of options
Outstanding at the beginning of the period	10,397	10,480
Granted during the period	2,339	3,377
Exercised during the period	(1,450)	(2,580)
Forfeited during the period	(1,660)	(880)
	<hr/>	<hr/>
Outstanding at the end of the period	9,626	10,397
Weighted average value of exercised shares		
At issue price	£nil	£nil
At exercise price	£80	£48
Range of issue prices for options and RSUs outstanding at the end of the period	Zero	Zero
Weighted average contractual life for options and RSUs outstanding at the end of the period	1 year	1 year

23 Related parties

As the company is a wholly owned subsidiary of the Danaher Corporation, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

24 Controlling Entity

The company is a subsidiary undertaking of Pall Corporation, a company incorporated in the United States of America. The company's ultimate parent company and controlling party as at 31 July 2015 was Pall Corporation. On 31 August 2015 Pall Corporation became a wholly owned subsidiary of Danaher Corporation, a company incorporated in the United States of America. At the date of issuing these accounts Danaher Corporation is the ultimate parent company.

The company's ultimate parent company and controlling party at the date of issue is Danaher Corporation. The largest group in which the results of the company are consolidated is that headed by Danaher Corporation. The consolidated accounts of this group are available to the public and may be obtained from the company website or by contacting the company at 2200 Pennsylvania Avenue NW, Suite 800W, Washington, DC 20037, United States of America.

Pall Manufacturing UK Limited
Notes to the Financial Statements for the Year Ended 31 July 2015

25 Subsequent event

On 31 August 2015, Danaher Corporation, a company incorporated in the United States of America, purchased 100% of the share capital of Pall Corporation.

At the time of acquisition, all outstanding share options were cancelled and paid out at \$127.20 (£82.67) per share.

During the year, the Pall Corporation group performed various reorganisation's to the group structure. As a result of this, in December 2015, the immediate parent company of Pall Manufacturing UK Ltd was changed to Launchchange Operations, a subsidiary of Danaher Corporation.