Pall Manufacturing UK Limited

Annual report and Financial Statements for the Year Ended 31 December 2022

Registered Address

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

Registered Number

769075

Pall Manufacturing UK Limited

Contents

Pall Manufacturing UK Limited
Officers and Advisors

Directors	D Harman A Mason (resigned 15th March 2023) V Merefield D Robertson (appointed 15th March 2023)
Secretary	T Lowe
Registered office	5 Harbourgate Business Park Southampton Road Portsmouth PO6 4BQ
Solicitors	Eversheds LLP One Wood Street London EC2V 7WS
Bankers	HSBC 8 Canada Square Canary Wharf London E14 5HQ
Auditor	Ernst & Young LLP Grosvenor House Grosvenor Square Southampton SO15 2BE

Registered No. 769075

Strategic Report

The Directors present their Strategic report for the period ended 31 December 2022.

Principal activity and business review

The principal activity of the Company is the provision of manufacturing services to Pall International Sarl, a fellow group company based in Switzerland under a tolling agreement.

The main KPIs of the Company include monitoring on time delivery performance, working capital turns, product quality and financial planning variances. During the period, 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 UK Limited 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 Company consists of three manufacturing plants which each focus on production for different sectors of the Company's product portfolio.

The Newquay plant in Cornwall manufactures medical products and is the global Centre of Excellence for this sector.

The Ilfracombe site in Devon, is predominantly supporting the sales of consumables into the Biotech market and continues to grow to meet the market trend.

The Portsmouth plant in Hampshire focuses on hardware production for both the Life Science and Industrial markets.

During 2022, business strategy has remained consistent with prior years, the efficient manufacturing of products to meet our end Customers requirements. The Company continues to utilize practices and tools from the Danaher Business Systems (DBS) suite, methodically ensuring our products are produced to the highest quality standards. In recent years, Pall Manufacturing has shown to have an embedded culture of agility and adapting its manufacturing capabilities especially during the pandemic where production focus was prioritised to product ranges supporting COVID-19 treatment and containment.

The Company ended the period with net assets of £123.8 (31 December 2021: £140.7 million). Turnover increased by 49.6% to £161.9 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 23).

The tolling agreement is the arrangement for the provision of manufacturing services on behalf of Pall International Sarl, based in Switzerland and therefore all production revenue is intercompany income. 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 Pall International Sarl, based in Switzerland.

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 one of the sponsors of the DH UK Scheme which is a funded multi-employer defined benefit arrangement in the UK and is closed to new members and accruals. The Pension fund is in a net asset position as at 31 December 2022.

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 20).

The Company is exposed to Cyber Security risks to a similar extent to other Companies in the Industry. The risk is closely monitored and countermeasures taken by highly skilled IT specialists. Additionally, regular training on this is compulsory for all associates with access to the Company's IT systems.

Section 172(1) Statement

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172.

This S172 statement, explains how the Directors:
a) have engaged with employees, suppliers, intercompany customers and others; and
b) have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year.

The S172 statement focuses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties
The Board has a clear framework for determining the matters within its remit and certain financial and strategic thresholds have been determined to identify matters requiring Board consideration and approval. The Delegation of Authority sets out the delegation and approval process across the broader business.

When making decisions, each Director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) "The likely consequences of any decision in the long term"
The company is part of the Danaher group which is a global group of companies listed on the New York Stock Exchange, and all of its shares are held internally within the Danaher group. The Danaher group of companies embrace the Danaher Business System (DBS) into its core values. The business, its Directors and employees embody the core values of building the best team, continuously improving and driving innovation and this is included in each decision made in the short or long term.

The Directors understand the business and the evolving environment in which it operates, including the related challenges. The company manufactures Biopharmaceutical and Medical products as part of a toll manufacturing service provided to a fellow group company. The strategy set by the Board is intended to strengthen the position as a leading manufacturing services company by providing quality products while keeping safety and social responsibility fundamental to the business approach.

S172(1) (B) "The interests of the company's employees"
The Directors recognise that employees are fundamental and core to the business and delivery of its strategic ambitions. The success of the business depends on attracting, retaining and motivating employees. From ensuring that it remains a responsible employer, from pay and benefits to the health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

Section 172(1) Statement (continued)

Employee engagement, organisational culture, attracting and retaining talent is key to the business and to Danaher group. The company complies with all employment legislation. A key driver in the Danaher culture is to embed diversity and inclusion. Each year all employees have the opportunity to take part in a Danaher wide independent employee survey, the results of which are reviewed in detail and actions taken. An annual appraisal program is followed for all employees. The Directors recognise that our pensioners, though no longer employees, also remain important stakeholders.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"
Delivering the Company's strategy requires strong mutually beneficial relationships with suppliers, customers and government. The Company seeks the promotion and application of sound corporate governance principles in such relationships, which are prescribed in standards such as the Supplier Code of Conduct which governs the Company's approach to suppliers. The Company continuously assess the priorities related to customers and those with whom we do business, and the Board is involved in this process through business strategy updates and considering investment or divestment proposals.

The Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. These range from information provided from the finance and/or legal department (e.g. supplier contract management topics) to information provided by the Financial Planning and Analysis Department (on customers related to business strategies, projects and investment or divestment proposals).

S172(1) (D) "The impact of the company's operations on the community and the environment"
The Board receives information on these topics to both provide relevant information for specific Board decisions (e.g. those related to specific strategic initiatives such as investment or divestment proposals, business strategy reviews, etc.) and to provide ongoing overviews (e.g., regular Health & Safety updates, reports from internal audit).

The company participated in various charitable activities during the year enabling associates to participate and raising donations to the annual appointed charities.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"
The Company aims to meet the growing needs for Biopharmaceutical and Medical products manufactured in ways which are economically, environmentally and socially responsible. The Board periodically reviews and approves clear frameworks, such as the Standards of Conduct, specific Ethics & Compliance manuals, and ensures all personnel participate in training which cover topics such as Bribery and Modern Slavery.

All personnel have access to the Danaher Integrity and Compliance Helpline, as well as the Danaher reporting platform through which any compliance or ethics issues can be discussed or reported to Danaher Corporation, the ultimate holding company. The Company also performs due diligence before entering into new supplier or distributor agreements. These measures ensure that high standards of business conduct are maintained both within the Company and its business relationships.

S172(1) (F) "The need to act fairly as between members of the company"
After weighing up all relevant factors, the Directors consider which course of action best enables delivery of the Company's strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, the Directors act fairly between the Company's members but are not required to balance the Company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Section 172(1) Statement (continued)

The following outlines some of the principal decisions made by the Board over the year.

- **Expansion in the Ilfracombe site and activities**
  During 2021, the Board approved capital expenditure for an expansion of the Ilfracombe site, of which £36.2 million was incurred in 2022 in order to enhance the clean rooms, a controlled workspace environment where the filters are produced, as well as the installation of new Biotech filter lines. These enhancements will continue into 2023.

  In order to create space for the increased Biotech production lines, the Ilfracombe site transferred its Glass Fibre production line to the Portsmouth site and its Aqua production line to the Newquay site.

- **Biotechnology platform creation**
  During the fourth quarter of 2022, Danaher Corporation announced a plan to create a new global Biotechnology platform, which combines the legacy Pall Life Sciences and Cytiva operating companies.

  The principal activity of Pall Manufacturing UK Limited is the provision of manufacturing services to a fellow group company, Pall International Sarl, Pall International Sarl provides goods and services to customers in the Life Sciences markets and therefore now forms part of the new Biotechnology platform within Cytiva. As part of the Danaher restructuring announcement in late 2022, the decision was made that from 1st May 2023, Pall Manufacturing would move from the Pall Corporation group to the Cytiva biotechnology group.

By order of the board

DocuSigned by:
Daniel Robertson
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D Robertson
Director

27th September 2023

Pall Manufacturing UK Limited
Directors' Report for the Year Ended 31 December 2022

The Directors present their report and the audited financial statements for the year ended 31 December 2022. 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 to 5.

Directors

The Directors who held office during the period were as follows:

A Mason (resigned 15th March 2023)
D Harman
V Merefield

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

Accounting policies

The Company prepares its financial statements in accordance with 'Financial Reporting Standard 101 – Reduced Disclosure Framework' ("FRS 101") and applicable accounting standards, further information is available in note 2.

Recommended dividend

An interim dividend of £25,000,000 (2021: £16,500,000) was paid during the year. No final dividend is proposed.

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 considered in making decisions which are likely to affect their interests. Various times 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 Company's policy regarding 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.

Events since the balance sheet date

During the fourth quarter of 2022, Danaher Corporation announced a plan to create a new global Biotechnology platform, which combines the legacy Pall Life Sciences and Cytiva operating companies. Subsequent to December 31, 2022, as part of the global plan to align these businesses, certain intercompany transactions were executed within the legal entity structure of the consolidated Danaher Corporation.

The principal activity of Pall Manufacturing UK Limited is the provision of manufacturing services to a fellow group company, Pall International Sarl, Pall International Sarl provides goods and services to customers in the Life Sciences markets and therefore now forms part of the new Biotechnology platform within Cytiva. As part of the Danaher restructuring announcement in late 2022, the decision was made that from 1st May 2023, Pall Manufacturing would move from the Pall Corporation group to the Cytiva biotechnology group.

In early 2023 a decision was made by Management to halt the expansion project at the Newquay site of Pall Manufacturing UK Limited due to insufficient capacity at the local external water treatment plant, to treat the volume of water being generated by the expansion. Investigations are currently underway for alternative site options with a new site being confirmed no later than the end of 2023.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, is described in the Strategic Report on page 2. This reporting year saw continued improvement in both output and productivity. The Ilfracombe site is currently undergoing expansion projects with large capital investments which will provide significant long-term opportunities for the site and the future of the company. Pall Manufacturing is trading profitably and has net assets of £123.8 million.

The group cash pool arrangement in the UK is also available if the company requires immediate access to cash funds to meet its liabilities as they fall due. The cash position of the UK group is strong and therefore the company has access to sufficient operating funds as necessary. Pall Manufacturing is also closely linked to its fellow group company and subsidiary Pall Europe. Pall Europe holds the bank accounts serving both Pall Manufacturing and Pall Europe. This means that Pall Europe bears the risk for the two companies. However, Pall Europe is part of the Danaher UK group cash pool arrangement. As part of the group cash pool arrangement, company cash holdings remain in the ownership of each company and are not subject to cash sweeping. All members of the cash pool have entered into unlimited cross guarantees in respect of bank borrowings with fellow participating companies.

Going Concern (continued)

The company is currently working on a variety of projects to overcome these impacts and to reduce electricity usage through more efficient machinery and the installation of solar panels. The expansion of the Ilfracombe site has been impacted due to the limited availability of building materials such as timber and steel as a result of the Russian and Ukraine conflict. The Directors continue to monitor the effects arising from the conflict and the uncertain economic climate and will continue to assess the impact on Pall Manufacturing Limited.

After making due enquiries and considering the impact of the conflict and the uncertain economy as well as the UK Group cash pool and the funding strength of the ultimate parent undertaking, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of signing of these financial statements, being to 30th September 2024, the going concern assessment period.

Accordingly, the financial statements have been prepared on the going concern basis.

Political contributions

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

Streamlined energy and carbon reporting

The Directors present their Streamlined energy and carbon reporting for year ended 31stDecember 2022.

Our environment
The Company recognises its responsibility to minimise its impact on the natural environment and continues its commitment to reduce its energy consumption, carbon emissions, water usage and waste.

The goals of the Danaher Group are to achieve, by 2024, 15% reductions in the following areas: energy consumed, scope 1 and 2 greenhouse gas emissions and waste sent to landfill or incineration. To date the group is making considerable progress. A full description of the Danaher sustainability goals can be found in the Danaher Corporation group financial statements.

Energy Consumption and Carbon Emissions
Energy consumption continues to be a priority for Pall Manufacturing UK Limited.

- The Ilfracombe plant implemented energy initiatives:
    - New energy efficient Air Handling Units replaced old outdated and energy heavy units.
    - Both new production clean rooms were rebuilt with high grade insulation.
    - New energy efficient water pumps.
    - New energy efficient water chillers.
    - New DIRO plant which is not only energy efficient compared to the old plant but has also meant that we can dispense with using chemical's Sodium Hydroxide and Hydrochloric acid.

- In early 2020, all UK sites switched to British Gas electricity provider. The provider is emission free, this means from 2021, all UK sites will have zero emissions from electricity (Scope 2). Programs are also underway to electrify our factories.

- Pall has embarked on a journey to green its company car fleet. We have committed to ensure that 100% of the fleet, across EMEA, is transitioned to electric by 2030 and have taken significant steps forward with electric vehicles being introduced as company car options for all associates, in all countries, from 2021 onwards. The early success in this area can be seen in the UK, where the transition started in 2020, 2 of the 9 fleet associates selected an EV or PHEV instead of a more traditional internal combustion engine vehicle.

Streamlined energy and carbon reporting (continued)

Scope and Methodology:
Our methodology has been based on the principles of the Greenhouse Gas Protocol, taking account of the 2015 amendment which set out a 'dual reporting' methodology for the reporting of Scope 2 emissions.

We have reported on all the measured emissions sources required under The Companies Act 2006 (Strategic Report and Directors Report Regulations 2013), except where stated.

This report includes emissions under Scope 1 and 2, except where stated, but excludes emissions from Scope 3.

Conversion factors for UK electricity, gas and other emissions are those published by the department for Business, Energy and Industrial strategy 2018.

Greenhouse gas emissions
We report Scope 1 and 2 emissions defined by the Greenhouse Gas protocol as follows:
Scope 1 (Direct emissions): operation of facilities; and
Scope 2 (Indirect emissions): consumption of purchased electricity, heat and steam.

Greenhouse gas emissions data
Emissions data in respect of the 2022 reporting period was as follows

	CO2e tonnes	CO2e tonnes
Emission Type	**2022**	**2021**
Scope1: Operation of facilities	1,726.88	1,925.73
Scope 1: Operation of Leased or Owned Vehicles	30.87	26.44
Scope 2: Purchase Energy (UK)	0.00	0.00
Total Emissions	1,757.75	1,952.17

Greenhouse gas emissions intensity ratio:

	2022	**2021**
Total footprint (Scope 1 and Scope 2) – CO2e tonnes	1,757.75	1,952.17
Turnover (£000)1	49,782	108,241
Intensity Ratio (CO2e tonnes/£000)0.	012	0.018

Waste
In 2022, Pall sites reported zero waste to landfill. Waste that cannot be recycled is sent to energy from waste facilities throughout the UK. The Non Regulated Waste to Landfill ratio for the Pall Manufacturing UK sites is currently 0% waste to landfill.

Water
Pall assesses water risk at its sites by using the WRI Aqueduct program to determine current water scarcity, future water scarcity (2030 Business as Usual Scenario), current water usage and current water cost. The four parameters are assigned a risk score. None of the Pall Manufacturing sites fall within the risk range for water scarcity. However, Pall relies on high quality incoming water to produce membranes for our filters, the process is water intensive. The company also depends on wastewater treatment plants to accept the wastewater from our membrane manufacturing process. Pall Manufacturing is working closely with UK government entities to treat its waste water to effluent requirements with an ultimate goal to be able to treat the wastewater effluent to incoming quality standards, so that the company can reuse water in its membrane manufacturing process indefinitely.

Gas, Electricity and Water
The Pall Manufacturing UK sites used 21,302,807.9 KWH of electricity, 1,209 kg of propane, 9,316,301.85 KWH of natural gas and 245,449m3 of water in 2022.

Director 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.

Disclosure of information to auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow Directors and the Company's auditors, each Director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the Board

DocuSigned by:
Daniel Robertson
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D Robertson
Director

Date: 27th September 2023

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements for the Year Ended 31 December 2022

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS101 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 group and 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 for preventing and detecting fraud and other irregularities.

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

Opinion

We have audited the financial statements of Pall Manufacturing UK Limited for the year ended 31 December 2022 which comprise the Income Statement, the statement of Other Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 24, 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 2022 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue, being 30th September 2024, the going concern assessment period.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant to be those relating to United Kingdom General Accepted Accounting Practice, the Companies Act 2006, and United Kingdom direct and indirect tax regulations. In addition, the Company must comply with operational and employment laws and regulations including health and safety regulations, environmental regulations, Competition Law, anti-bribery and corruption regulations and General Data Protection Requirements.

- We understood how the company is complying with those frameworks by holding enquiries with management and those charged with governance. We understood the potential incentive and ability to override controls, and employee access to guidance of how to report instances of non-compliance. We understood any controls put in place by wider group management to reduce the opportunities for fraudulent transactions.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by discussing with management where it was considered there was susceptibility to fraud and by assessing key assumptions over significant estimates made by management for evidence of bias. We considered the controls established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those controls. Due to the nature of the company, as a toll manufacturer the risk of material misstatement is deemed to be low.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
    - Enquiry of management and those charged with governance as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the company.
    - Auditing the risk of management override of controls, through testing of a sample of journal entries and other adjustments for appropriateness.
    - Enquiry of management, coupled with testing of journal entries, in order to identify and understand any significant transactions outside of the normal course of business;
    - Challenging the judgements made by management through corroborating the basis for those judgments and considering contradicting evidence; and
    - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

Use of our report

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

Ernst & Young LLP.

James Harris (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton
Date 27th September 2023

Pall Manufacturing UK Limited

Income Statement
For the year ended 31 December 2022

	Note	2022	2021
		£ 000	**£ 000**
Turnover	3	**161,894**	108,241
Cost of Sales		**(133,062)**	(95,940)
Gross Profit		**28,832**	12,301
Administrative expenses		**(5,914)**	(4,801)
Impairment adjustment	9	**(11,800)**	
Operating profit/(loss)	4	**11,118**	7,500
Income from investments		**17,000**	8,500
Other finance income	20.2	**960**	549
Interest Payable		**(8)**	(3)
Profit on ordinary activities before taxation		**29,070**	16,546
Taxation	7	**(3,170)**	(1,383)
Profit on ordinary activities after taxation		**25,900**	15,163

All activities derive from continuing operations.

Statement of Other Comprehensive Income
For the year ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Profit for the year		**25,900**	15,163
Other comprehensive income not recycled to profit or loss:			
Re-measurement (losses)/gains on defined benefit pension plans	20.2	**(24,104)**	12,034
Deferred tax on pension movement	15	**5,932**	(5,184)
		7,728	22,013

The notes on pages 19 to 43 form an integral part of these financial statements.

Pall Manufacturing UK Limited
Balance Sheet as at 31 December 2022

	Note	2022	2021
		£ 000	£ 000
Non-current assets			
Intangible assets	8	**-**	3
Tangible assets	9	**90,614**	58,056
Investments	10	**12,052**	12,052
Right of use assets		**586**	726
		103,252	**70,837**
Current assets			
Debtors	12	**36,016**	56,703
Corporation tax	7	**302**	302
		36,318	**57,005**
Creditors: Amounts falling due within one year	13	**(32,174)**	(24,810)
Net current assets		**4,144**	**32,195**
Total assets less current liabilities		**107,396**	**103,032**
Creditors: amounts falling due after one year	14	**(437)**	(613)
Deferred tax liability	15	**(12,176)**	(14,938)
Net assets excluding pension asset		**94,783**	**87,481**
Defined benefit pension asset	20.2	**29,046**	53,238
Net assets including pension asset		**123,829**	**140,719**
Capital and reserves			
Called up share capital	16	**52,709**	52,709
Share premium	17	**2,469**	2,469
Retained earnings		**68,651**	85,541
Total shareholders equity		**123,829**	**140,719**

These financial statements were approved by the Board of Directors on 27th September 2023 and were signed on its behalf by:

DocuSigned by:

Daniel Robertson

D Robertson

Director

The notes on pages 19 to 43 form an integral part of these financial statements.

Registered No. 769075

Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up Share capital £ 000	Other reserves £ 000	Retained earnings £ 000	Total Shareholder's equity £ 000
At 31 December 2020	**52,709**	**2,469**	**79,807**	**134,985**
Total comprehensive income for the year	-	-	22,011	22,011
Shares issued	-	-	-	-
Share capital reduction	-	-	-	-
Equity dividends paid	-	-	(16,500)	(16,500)
Equity settled share-based payment	-	-	221	221
At 31 December 2021	**52,709**	**2,469**	**85,539**	**140,717**
Total comprehensive income for the year	-	-	7,728	7,728
Shares issued	-	-	-	-
Share capital reduction	-	-	-	-
Equity dividends paid	-	-	(25,000)	(25,000)
Equity settled share-based payment	-	-	384	384
At 31 December 2022	**52,709**	**2,469**	**68,651**	**123,829**

1 Authorisation of financial statements and statement of compliance with FRS 101

Pall Manufacturing UK Limited ("the Company") is incorporated and domiciled in England and Wales.

The financial statements of Pall Manufacturing UK Limited ("the Company") for the year ended 31 December 2022 were authorised for issue by the Board of Directors on the date shown on the Balance Sheet and were signed on the Board's behalf by D Robertson.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework and in accordance with applicable accounting standards. The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Danaher Corporation.

The results of Pall Manufacturing 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 period ended 31 December 2022.

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; Para 76 and 79(d) of IAS 40 Investment property; and Para 50 of IAS 41 Agriculture
(d) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 111, and 134-136 of IAS 1 Presentation of Financial Statements;
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
(i) the requirements of paragraphs 130(f)(ii)-130(f)(iii)) of IAS 36 Impairment of Assets
(j) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share Based Payment because the share based payment arrangement concerns the instruments of another group entity

2 Accounting policies (continued)

Going concern

This reporting year saw continued improvement in both output and productivity. The Ilfracombe site is currently undergoing expansion projects with large capital investments which will provide significant long-term opportunities for the site and the future of the company.

At the time of approving these financial statements there is uncertainty in the macro-economic climate of the United Kingdom with regards to the energy and cost of living crisis as well as the political unrest in Eastern Europe with Russia's invasion of Ukraine. Each of the Pall Manufacturing sites have been impacted due to a rise in running costs. The cost of supplies, raw materials and operational contracts have increased due to inflation and the energy crisis in the UK has caused electricity costs in the sites to significantly increase. The company is currently working on a variety of projects to overcome these impacts and to reduce electricity usage through more efficient machinery and the installation of solar panels. The expansion of the Ilfracombe site has been impacted due to the limited availability of building materials such as timber and steel as a result of the Russian and Ukraine conflict. The Directors continue to monitor the effects arising from the conflict and the uncertain economic climate and will continue to assess the impact on Pall Manufacturing Limited.

The company is trading profitably and has net assets of £123.8 million. The group cash pool arrangement in the UK is also available if the company requires immediate access to cash funds to meet its liabilities as they fall due. The cash position of the UK group is strong and therefore the company has access to sufficient operating funds as necessary.

After making due enquiries and considering the UK Group cash pool and the funding strength of the ultimate parent undertaking, the directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of signing of these financial statements, being to 30th September 2024, the going concern assessment period.

Accordingly, the financial statements have been prepared on the going concern basis.

2.2 Judgements and key sources of estimation uncertainty

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

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

2 Accounting policies (continued)

2.2 Judgements and key sources of estimation uncertainty (continued)

Impairment of non-financial 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 group 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.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the evaluation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates. Further details are given in note 20.

2.3 Significant accounting policies

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

Revenue recognition

On 1st January 2018, the Company adopted IFRS 15- Revenue from Contracts with Customers. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 requires a five-step model to account for revenue from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration that an entity expects in exchange for transferring goods or services to a customer. The Company adopted IFRS 15 using the modified retrospective method for all contracts. Where the company only receives turnover in the form of tolling fees, the adoption of IFRS 15 has no impact on the primary financial statements of the company for any years presented within the financial statements.

Dividends
Dividend income is recognised when the Company's right to receive payment is established.

2 Accounting policies (continued)

2.3 Significant accounting policies (continued)

Interest income
Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Tolling fee revenue
Revenue in the Company is derived from tolling fees for manufacturing services performed on behalf of a principal company. The tolling fees are based on the operating costs of the manufacturing plants along with a profit element. Tolling fee is recognised when it becomes receivable.

Right-of-use assets and lease liabilities

IFRS 16 "Leases" became mandatorily applicable for financial years commencing on or after 1st January 2019. The standard replaces the existing guidance on leases, IAS 17 "Leases". The Company applied the standard for the first time in the prior year.

A lease arrangement is established by a contract which conveys to the user of the asset (the lessee) the right to control an identified asset for a period of time in exchange for consideration. IFRS16 details that all leases and their associated contractual rights and obligations should be recognised in the Balance Sheet of the lessee unless the term is 12 months or less or if the lease is considered low value.

Pall Manufacturing UK Limited took part in a group-wide project which analysed the leases held by the company, it determined that due to the low value of the leases, all equipment leases held such as photocopier and forklift leases where the lessor retains a significant portion of the risks and rewards of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight-line basis over the lease term. The group policy with regards to vehicle leases is that the right of use asset and associated liabilities are shown in the balance sheet. However, due to the immaterial value, disclosures relating to these are not shown separately in these accounts.

Right-of-use assets
A right to use asset is capitalised at the commencement date of the lease, this is generally equivalent to the present value of the future lease payments plus directly attributable costs and amortised over the term of the lease.

Right-of-use liabilities
For each lease, the company recognises a liability for future lease obligations measured at the present value of the lease payments. Lease payments are apportioned between the finance charges and a reduction of the lease liability.

Intangible assets

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are capitalised at cost, amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits

2 Accounting policies (continued)

2.3 Significant accounting policies (continued)

embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

The estimated useful lives are as follows:

ERP Systems	-	5 years
Other Computer Software	-	3 years

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition. Assets in the course of construction are stated at cost. Such assets are transferred to other tangible fixed asset categories and depreciated at the rates stated above when they are brought into use in the business.

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 date when the fair value was determined.

Provision for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

2 Accounting policies (continued)

2.3 Significant accounting policies (continued)

Taxation

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

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

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

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

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

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

Financial instruments

Effective from 1st January 2018 IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: recognition and measurement. The standard brings together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The company has applied IFRS 9 retrospectively with no impact on the primary financial statements for any years presented within the financial statements.

i) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash. Under IFRS 9, debt instruments are measured at fair value through profit or loss, amortised cost or fair value through OCI. Financial assets within the scope of IFRS 9 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. The classification depends on the purpose for which the investments were acquired or originated.

The Company's financial assets include amounts due from group undertakings, trade and other debtors.

2 Accounting policies (continued)

2.3 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 by the Company that are not designated as hedging instruments in hedge relationships as defined by the accounting standard. 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

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

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 ofthe 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.

2 Accounting policies (continued)

2.3 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.

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.

2 Accounting policies (continued)

2.3 Significant accounting policies (continued)

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.

Financial Liabilities

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

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

Investments

Investments in subsidiaries, associates and joint ventures are held at historical cost less any applicable provision for impairment.

Share based payments

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

2 Accounting policies (continued)

2.3 Significant accounting policies (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

Pension Schemes

Multi employer defined benefit pension plan

During the previous year, a review was carried out on the five Danaher Group defined benefit schemes in the UK, operated through five different Danaher UK subsidiaries, of which Pall Manufacturing was part of. It was concluded that merging the schemes into one single larger scheme would provide cost and efficiency advantages for the individual entities and the group plus bring benefits to scheme members through the use of direct member access to information about their benefits, and a greater financial guarantee to support the scheme. Accordingly, on 31 January 2021 the five schemes merged into a single scheme named the 'DH UK Pension Scheme'. The merged scheme consisted of two sections:

- PLJ- made up of the membership of the previous Pall, Leica and Jacobs schemes
- BW- made up of the membership of the previous Beckman Coulter and Willett schemes

Pall Manufacturing UK Limited solely operates one defined benefit scheme (the Supplementary Scheme) and is one of the sponsors of the DH UK Scheme which is a funded multi-employer defined benefit arrangement in the UK. Contributions are recognised in the income statement in the period in which they become payable in accordance with the rules of the plan.

Pall Manufacturing UK Limited manages the advisory services of the DH UK Pension scheme, for which it will receive costs from advisory suppliers. The company recharges the costs to the Danaher UK operating companies based on the number of members in the scheme within each company.

Defined benefit schemes

The Company operates a closed defined benefit pension scheme, the details of which are found in note 20. The scheme is closed to new members and accruals.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value

2 Accounting policies (continued)

2.3 Significant accounting policies (continued)

is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the present value of any amount the Company expects to recover by way of refunds from the plan or reductions in the future contributions.

3 Turnover

All turnover is derived from a fellow subsidiary in Europe.

4 Operating profit

Operating profit is stated after charging / (crediting):

	2022 £ 000	2021 £ 000
Hire of other assets (Operating leases)	**328**	201
Foreign currency (gains) / loss	**51**	(188)
Loss on sale of tangible fixed assets	**161**	67
Depreciation of owned tangible fixed assets	**6,821**	7,540
Amortisation of intangible assets	**3**	5

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

5 Particulars of employees

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

	2022	2021
Productive departments	**1,777**	1,495
Marketing and sales	**8**	7
General administration	**16**	13
	1,801	1,515

The aggregate payroll costs of these persons were as follows:

	2022 £ 000	2021 £ 000
Wages and salaries	**67,882**	52,900
Share based payments	**384**	221
Social security	**5,987**	4,449
Other pension costs	**2,024**	1,596
	76,277	59,166

6 Directors emoluments

The costs associated with the directors of the Company are borne by an associate company, Pall Europe Limited.

The Directors' emoluments for the year are as follows:

	2022	2021
	£ 000	**£ 000**
Directors' remuneration (including benefits in kind)	**584**	562
Share based payments	**284**	121
Directors' pension contributions	**33**	31
	901	714

No cost allocation is performed between the Companies as it is not practical to allocate the Director's time between each subsidiary.

7 Taxation

Analysis of current period tax (credit) / charge

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
The tax charge comprises:		
Current tax - UK		
Corporation tax at the standard rate of 19% / 19%	**-**	-
Adjustment in respect of prior periods	**-**	-
Total current tax	**-**	-
Deferred tax		
Charge for current year - including pension	**2,598**	1,383
Adjustment in respect of prior periods	**572**	-
	3,170	1,383
Taxation charge for the year	**3,170**	1,383

7 Taxation (continued)

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:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Profit before tax	**29,070**	16,546
Corporation tax at the standard rate of 19% (31 December 2021: 19%)	**5,523**	3,145
Effects of:		
Expenses not deductible/(Income not taxable) for tax purposes	**1,694**	448
Differences in tax rates	**624**	425
Prior year adjustment to deferred tax	**572**	-
Group relief surrendered for nil consideration	**(5,243)**	(2,635)
Adjustments to tax charge in respect of previous periods (UK tax)	**-**	-
Total taxation charge for the year	**3,170**	1,383

CORPORATION TAX

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Current tax asset as at beginning of the year	**302**	302
Prior year adjustment	**-**	-
Current tax asset as at the year end	**302**	302

8 Intangible fixed assets

	Computer software £ 000
Cost	
As at 31 December 2021	663
Additions	-
Transferred from fellow group company	-
Disposals	-
As at 31 December 2022	**663**
Amortisation	
As at 31 December 2021	**660**
Charge for the period	**3**
Transferred from fellow group company	-
Disposals	-
As at 31 December 2022	**663**
Net book value	
As at 31 December 2022	**-**
As at 31 December 2021	**3**

9 Tangible fixed assets

		Freehold land and buildings	Furniture and fixtures	Plant and Machinery	Total
		£ 000	£ 000	£ 000	£ 000
Cost					
As at 1 January 2022		19,098	16,403	143,638	179,139
Additions		348	-	44,830	45,178
Reclassifications		465	-	(465)	-
Transfers from / to group companies		-	-	(560)	(560)
Disposals		-	(41)	(324)	(365)
As at 31 December 2022		**19,911**	**16,362**	**187,119**	**223,392**
Depreciation					
As at 1 January 2022		11,520	16,233	93,330	121,083
Charge for the period		412	70	6,339	6,821
Reclassifications		-	-	-	-
Transfers from / to group companies		-	-	(22)	(22)
Disposals		-	(41)	(163)	(204)
Impairment adjustment	*Note 1*			5,100	5,100
At 31 December 2022		**11,932**	**16,262**	**104,584**	**132,778**
Net book value					
As at 31 December 2022		**7,979**	**100**	**82,535**	**90,614**
As at 31 December 2021		**7,578**	**170**	**50,308**	**58,056**

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

Note 1 - The total impairment adjustment amounting to £11.8m out of which £5.1m is relating to tangible assets above and remaining cost of £6.7m is relating to cost incurred in FY23 and future commitments to suppliers for which provision is recorded. This impairment is in regards to the decision made by Management in early 2023 to halt the expansion project at the Newquay site of Pall Manufacturing UK Limited due to insufficient capacity at the local external water treatment plant, to treat the volume of water being generated by the expansion. Investigations are currently underway for alternative site options with a new site being confirmed no later than the end of 2023.

10 Fixed Asset Investments

	Shares in group undertakings £000	Other investments £000	Total £000
Cost			
As at 1 January 2022	13,797	41	13,838
Additions	-	-	-
Disposals	-	-	-
As at 31 December 2022	**13,797**	**41**	**13,838**
Provision			
As at 1 January 2022	(1,786)	-	(1,786)
Impairment	-	-	-
Disposals	-	-	-
As at 31 December 2022	**(1,786)**	**-**	**(1,786)**
Net book value			
As at 31 December 2022	**12,011**	**41**	**12,052**
As at 31 December 2021	12,011	41	12,052

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 Arabia	Saudi Arabia	Sales & services	Ordinary	70

The Directors believe that the value of investments at 31 December 2022 was not less than the book value of £12,052,000.

11 Stocks and work in progress

Pall Manufacturing UK Ltd does not hold any stocks. All stock is owned by the group company, Pall International Sarl, with which Pall Manufacturing has a tolling agreement with.

12 Debtors

	2022 £ 000	2021 £ 000
Amounts owed by group undertakings	**33,947**	56,155
Other debtors	**1,503**	130
Prepayments and accrued income	**566**	418
	36,016	56,703

Amounts owed by group undertakings include interest bearing and non-interest-bearing balance

13 Creditors: Amounts falling due within one year

	2022 £ 000	2021 £ 000
Trade creditors	**13,831**	14,115
Amounts owed to group undertakings	**4,698**	4
Social security and other taxes	**136**	135
Operating leases	**264**	166
Accruals and deferred income	**13,245**	10,390
	32,174	24,810

14 Creditors: Amounts falling due after one year

	2022 £ 000	2021 £ 000
Operating leases	**437**	613
	437	613

15 Deferred tax

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Deferred tax liability at the beginning of the period	(14,938)	(8,371)
(Charge) to the Income Statement	(2,598)	(1,383)
Adjustment in respect of prior years	(572)	-
Credit/(Charge) to other comprehensive income	5,932	(5,184)
Deferred tax (liability) as at 31 December	(12,176)	(14,938)

The amounts provided for deferred taxation are set out below:

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Fixed assets	(5,454)	(2,133)
Other short-term timing differences	-	-
Impact of defined benefit pension scheme	(6,722)	(12,805)
Deferred tax (liability) as at 31 December	(12,176)	(14,938)

Notes regarding change in tax rates

From 1 April 2023 the corporation tax rate is 25%. 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 taxes at the balance sheet date have been measured using the enacted tax rate of 25% and reflected in these financial statements.

16 Share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
Equity		
As at 1 January:		
52,709,170 Ordinary shares of £1	**52,709**	52,709
As at 31 December	**52,709**	52,709

17 Share premium

The share premium reserve represents the amount above the nominal value received for shares issued, less transaction costs.

18 Commitments

Capital commitments

Expenditure contracted for but not provided in the financial statements:

	2022 £'000	2021 £'000
Contracted	**7,120**	21,555

19 Operating lease commitments

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

	2022 £'000	2021 £'000
Not later than one year	**324**	216
After one year but not more than five years	**568**	734
	892	950

20 Pension schemes

20.1 Multi employer defined benefit pension plan

During the previous year, a review was carried out on the five Danaher Group defined benefit schemes in the UK, operated through five different Danaher UK subsidiaries, of which Pall Manufacturing was part of. It was concluded that merging the schemes into one single larger scheme would provide cost and efficiency advantages for the individual entities and the group plus bring benefits to scheme members through the use of direct member access to information about their benefits, and a greater financial guarantee to support the scheme.

Accordingly, on 31 January 2021 the five schemes merged into a single scheme named the 'DH UK Pension Scheme'. The merged scheme consisted of two sections:

1. PLJ Section – made up of the membership of the previous Pall, Leica and Jacobs schemes; and
2. BW Section – made up of the membership of the previous Beckman Coulter and Willett schemes.

The Scheme is segregated into two sections, with employers only responsible for liabilities in the section in which they participate. Each section is operated on a 'last man standing' basis. If a wind-up were to take place, the Trustee can decide how to apportion the surplus between participating employers, having taken advice from the actuary. If in deficit, the liability of each participating employer will cease from the date winding-up begins, except for any outstanding contributions which become due before the date winding-up begins and any administration expenses in connection with the winding up.

At the end of the reporting period, the Scheme is in a surplus on a funding basis. Funding levels are monitored on an annual basis and the next triennial valuation is due to be finalised with an effective date of 31 March 2024.

Pall Manufacturing UK Limited solely operates one defined benefit scheme (the Supplementary Scheme) and is one of the sponsors of the DH UK Scheme. Both schemes are closed to future accrual. The pension cost charge for the period represents contributions payable by the Company to the plan and amounted to £2,024,331 (2021 - £1,595,852). Contributions to defined contribution plans for key management personnel are disclosed in the financial statements of Pall Europe Limited.

Contributions totalling £398,582 (2021 - £346,236) were payable to the Plan at the end of the year and are included in creditors.

20.2 Defined Benefit Pension Schemes

The Company solely operates one defined benefit scheme (the Supplementary Scheme) and is one of the sponsors of the DH UK Scheme, both of which are now closed to new members and accruals.

Over the year to 31 December 2022, the Schemes' surplus has decreased by £24.5 million, with the Schemes having a surplus of £28.7 million as at 31 December 2022. The main factors impacting on the Schemes were as follows:

- The Schemes' liabilities decreased by £83.7 million due to changes in assumptions used to measure the liabilities. This was mainly due to a significant increase in the discount rate due to the rise in corporate bond yields. Lower inflation expectations also acted to reduce the value of the liabilities.
- The Schemes' assets are £101 million lower than expected due to investment returns during the year being lower than the assumed discount rate.
- There was a liability experience loss of £7.1 million. This was mainly due to actual inflation being significantly higher than assumed.

20 Pension schemes (continued)

20.2 Defined Benefit Pension Schemes (continued)

The following tables are an analysis of defined benefit obligations, the fair value of plan assets and the amounts recognised in the income statement for the DH UK Pension Scheme and the Pall Supplementary Pension Scheme.

Amounts recognised

Income Statement charge

	2022 £'000	2021 £'000
Components of defined benefit cost		
Service costs		
Past service cost	**-**	-
Total service cost	**-**	-
Net interest cost		
Interest expense on defined benefit obligation	**3,807**	3,052
Interest income on plan assets	**(4,767)**	(3,601)
Total net interest (income)	**(960)**	(549)
Administrative expenses	**1,182**	559
Defined benefit cost included in income statement	**222**	10

Re-measurements recognised in Other Comprehensive Income

	2022 £'000	2021 £'000
Effect of changes in demographic assumptions	**(87)**	(542)
Effect of changes in financial assumptions	**(83,622)**	(7,895)
Effect of experience adjustments	**7,138**	(2,804)
Return on plan assets (excluding interest income)	**101,024**	(793)
Adjustment to FV of plan assets	**(349)**	0
Re-measurements losses recognised in Other Comprehensive Income	**24,104**	(12,034)

20 Pension schemes (continued)

20.2 Defined Benefit Pension Schemes (continued)

Change in benefit obligation

	2022 £'000	2021 £'000
Defined benefit obligation at end of prior period	**213,280**	230,623
Interest expense	**3,807**	3,052
Past service cost	**-**	-
Benefit payments from plan assets	**(8,206)**	(9,154)
Remeasurements:		
Effect of changes in demographic assumptions	**(87)**	(542)
Effect of changes in financial assumptions	**(83,622)**	(7,895)
Effect of experience adjustments	**7,138**	(2,804)
Defined benefit obligation at end of period	**132,310**	213,280

Change in plan assets

	2022 £'000	2021 £'000
Fair value of plan assets at end of prior period	**266,517**	271,267
Interest income	**4,767**	3,601
Employer contributions	**135**	570
Benefit payments from plan assets	**(8,206)**	(9,154)
Administrative expenses from plan assets	**(1,182)**	(559)
Return on plan assets (excluding interest income)	**(101,024)**	793
Fair value of plan assets at end of period	**161,007**	266,518

Amounts recognised in the Balance Sheet

	2022 £'000	2021 £'000
Defined benefit obligation	**(132,310)**	(213,280)
Fair value of plan assets	**161,007**	266,518
Funded status	**28,697**	53,238
Effect of asset ceiling	**-**	-
Adjustment to FV of plan assets	**349**	0
Net defined benefit asset	**29,046**	53,238

20 Pension schemes (continued)

20.2 Defined Benefit Pension Schemes (continued)

Assumptions

The following table details the main weighted-average actuarial assumptions adopted to determine the defined benefit obligation:

	Dec 2022	**Dec 2021**
Discount rate	**5.01%**	1.82%
Pensions-in-payment increase rate (RPI max 5%)	**5.00%**	1.80%
Deferred pension increase rate (CPI)	**2.30%**	2.50%
Price inflation rate (RPI)	**3.20%**	3.40%
Assumed life expectancy on retirement at age 65:		
Retiring today (member age 65) Male/Female	**22.6 / 24.5**	22.5 / 24.2
Retiring in 20 years (member age 45) Male/Female	**24.3 / 26.0**	24.2 / 25.4

The following table details the main weighted-average actuarial assumptions adopted to determine the defined cost:

	Dec 2022	**Dec 2021**
Discount rate	**5.01%**	1.82%
Pensions-in-payment increase rate (RPI max 5%)	**5.00%**	1.80%
Deferred pension increase rate (CPI)	**2.30%**	2.50%
Price inflation rate (RPI)	**3.20%**	3.40%
Assumed life expectancy on retirement at age 65:		
Retiring today (member age 65) Male/Female	**22.6 / 24.5**	22.5 / 24.2
Retiring in 25 years (member age 40) Male/Female	**24.3 / 26.0**	24.2 / 25.4

Sensitivity analysis on principal assumptions

The following table shows a sensitivity analysis of changes in key assumptions on the defined benefit obligation:

	Dec 2022
Present value of defined benefit obligation	
Discount rate -50 basis points	**140,926**
Discount rate +50 basis points	**124,514**

20 Pension schemes (continued)

20.2 Defined Benefit Pension Schemes (continued)

The following table shows a sensitivity analysis of changes in key assumptions for inflation and mortality:

	Dec 2022 £000
No change	**-**
Inflation increased by 0.5% p.a	**137,693**
Inflation decreased by 0.5% p.a	**126,714**
Life expectancy plus 1 year	**136,550**
Life expectancy less 1 year	**128,041**

Assets

The fair value and the major categories of scheme assets are as follows:

	2022 £ 000	2021 £ 000
Cash and cash equivalents	**5,266**	4,235
Equities	**-**	54,808
Debt instruments	**84,521**	60,648
Property	**4,844**	20,675
Other including hedge funds	**66,377**	126,151
	161,008	266,517

Actual return on plan assets

The actual return on plan assets was (£96,257) (period ending 31 December 2021: £4,394,000)

Funding

The schemes are fully funded in advance by employer and employee contributions. The funding requirements are based on the pension schemes' actuarial measurement framework set out in the funding policy of the schemes. The expected employer contributions from the Company to the DH UK Pension Scheme and Supplementary Scheme in the next year is Nil. The expected total benefit payments in the next year are £6,303,000. The duration of the defined benefit obligation is 13 years.

21 Share based payments

Danaher stock

The expense in the income statement relating to share based payments can be found in note 5.

Stock options and restricted stock units (RSUs) have been issued to officers and other employees of the company under the Group's 2007 Stock Incentive Plan.

The Danaher Corporation 2007 Omnibus Incentive Plan provides for the grant of stock options, stock appreciation rights, RSUs, restricted stock or any other stock based award. A total of approximately 76

21 Share based payments (continued)

million shares of Danaher common stock have been authorized for issuance under the Stock Incentive Plan, of which no more than 23 million shares may be granted in any form other than stock options or stock appreciation rights.

Stock options generally vest pro-rata over a five-year period and terminate ten years from the grant date. Option exercise prices for options granted by Danaher Corporation are the closing price on the New York Stock Exchange of the common stock of Danaher Corporation on the date of grant.

RSUs issued under the Danaher Corporation 2007 Omnibus Incentive Plan provide for the issuance of a share of the common stock of Danaher Corporation at no cost to the holder. The RSUs that have been granted to employees under the 2007 Stock Incentive Plan generally provide for time-based vesting over a five-year period, although the specific time-based vesting terms vary depending on grant date. Prior to vesting, RSUs do not have dividend equivalent rights or voting rights and the shares underlying the RSUs are not considered issued and outstanding.

The equity compensation awards generally vest only if the employee is employed by the company on the vesting date or in other limited circumstances. To cover the exercise of options and vesting of RSUs, Danaher Corporation generally issues new shares from its authorised but unissued share pool although it may instead issue treasury shares in certain circumstances.

The weighted average remaining contractual life for the options outstanding at 31 December 2022 was 7 years (2021- 7 years).

The range of exercise price for options outstanding at the end of year was $51 to $300 (2021- $38 - $300).

The weighted average share price at the date of exercise for the shares exercised in 2022 is $278 (2021- $254).

The Company accounts for stock-based compensation by measuring the cost of employee services received in exchange for all equity awards granted based on the fair value of the award as of the grant date. The Company recognizes the compensation expense over the requisite service period (which is generally the vesting period but may be shorter than the vesting period if the employee becomes retirement eligible before the end of the vesting period). The fair value for RSU awards was calculated using the closing price of the common stock of Danaher Corporation on the date of grant, adjusted for the fact that RSUs do not accrue dividends. The fair value of the options granted was calculated using a Black Scholes Merton option pricing model ("Black-Scholes").

The amount charged to the profit and loss for share based payments amounted to £384,107 (2021- £221,489).

22 Related parties

As the company is a wholly owned subsidiary of the Danaher Corporation, the company has taken advantage of the exemption under paragraph 8(k) of FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the group.

23 Controlling Entity

The Company's immediate parent undertaking is Launchchange Operations Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and controlling party is Danaher Corporation, a company incorporated in the United States of America.

The only group in which the results of the company are consolidated is that headed by Danaher Corporation. No other group financial statements include the results of the Company. 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.
https://investors.danaher.com/2022-Annual-Report/HTML1/tiles-twopage.htm

24 Post-balance sheet events

During the fourth quarter of 2022, Danaher Corporation announced a plan to create a new global Biotechnology platform, which combines the legacy Pall Life Sciences and Cytiva operating companies. Subsequent to December 31, 2022, as part of the global plan to align these businesses, certain intercompany transactions were executed within the legal entity structure of the consolidated Danaher Corporation.

The principal activity of Pall Manufacturing UK Limited is the provision of manufacturing services to a fellow group company, Pall International Sarl, Pall International Sarl provides goods and services to customers in the Life Sciences markets and therefore now forms part of the new Biotechnology platform within Cytiva. As part of the Danaher restructuring announcement in late 2022, the decision was made that from 1st May 2023, Pall Manufacturing would move from the Pall Corporation group to the Cytiva biotechnology group.

In early 2023 a decision was made by Management to halt the expansion project at the Newquay site of Pall Manufacturing UK Limited due to insufficient capacity at the local external water treatment plant, to treat the volume of water being generated by the expansion. Investigations are currently underway for alternative site options with a new site being confirmed no later than the end of 2023.