

Registered number: 01927665

Philips UK Limited

**Annual report and financial statements
for the year ended 31 December 2018**



Philips UK Limited

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Philips UK Limited

Company information

Directors	G Tranter N Mesher
Company secretary	L Best
Registered number	01927665
Registered office	Philips Centre Guildford Business Park Guildford Surrey GU2 8XG United Kingdom
Auditor	Ernst & Young LLP Wessex House 19 Threefield Lane Southampton S014 3QB

Philips UK Limited

Strategic report for the year ended 31 December 2018

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

Strategy

The company is a wholly owned subsidiary of Koninklijke Philips N.V. ("KPNV") and the company's strategic direction is driven by the Philips group mission and vision.

The group's vision is to make the world healthier and more sustainable through innovation. Our goal is to help improve the lives of 3 billion people a year by 2025.

We execute our strategy through the use of the Philips Business System ("PBS") which is designed to help us deliver on our mission and vision – and to ensure that success is repeatable.

The Philips group strategy is detailed further in the KPNV Annual Report 2018 available at www.results.philips.com.

Review of business

The company is domiciled in the United Kingdom and acts as a holding company for the Philips group in the United Kingdom. Its only business is in respect of intra-group financing transactions. The company's subsidiary undertaking, Philips Electronics UK Limited, conducts business in the main activities of the worldwide Philips group and the business environment in which the subsidiary operates is disclosed in that company's financial statements.

The company did not undertake any transactions in 2018 other than to reduce the value of its own share capital by £557,500,000.

Key financial performance indicators

The company's only business is to provide intra-group financing on an ad-hoc basis. The directors' are of the opinion that there are no key performance indicators that are used in managing the company that would add any value to the understanding of the company's financial statements.

Principal risks and uncertainties

Due to the nature of the company's activities, the principal risks to the company arise from the risks and uncertainties facing its trading subsidiary undertaking, Philips Electronics UK Limited. These risks are disclosed in the financial statements of Philips Electronics UK Limited.

Philips UK Limited

Strategic report (*continued*) for the year ended 31 December 2018

Future developments

The company will continue to provide intra-group financing arrangements within the Philips group on an ad-hoc basis, when a need for such transactions arise in future.

By order of the Board

A handwritten signature in black ink, appearing to read 'G. Tranter', with a stylized flourish at the end.

**G Tranter
Director**

9 July 2019

Philips UK Limited

Directors' report for the year ended 31 December 2018

The directors present their report and the audited financial statements of the company for the year ended 31 December 2018.

Results and dividends

The company's results for the financial year are set out in the statement of comprehensive income on page 9.

The directors do not recommend the payment of a dividend (2017: £nil).

Future developments

An indication of the likely future developments of the company are provided in the strategic report.

Research and development activities

The company does not invest in any research and development. The company's wholly owned subsidiary undertaking, Philips Electronics UK Limited, has one establishment devoted entirely to research and development and an industrial establishment which carries out product development work.

Directors

The directors who held office during the year, and to the date of signing the financial statements, are as follows:

G Tranter
N Mesher

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of each of the directors and the company secretary in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by the Philips group throughout the financial year.

Disclosure of information to auditor

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

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

Philips UK Limited

Directors' report (*continued*) for the year ended 31 December 2018

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will continue in business.

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

Auditor

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office.

This report was approved by the Board and signed on its behalf.

By order of the Board



G Tranter
Director

9 July 2019

Independent auditor's report to the members of Philips UK Limited

Opinion

We have audited the financial statements of Philips UK Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11, 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of Philips UK Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Philips UK Limited (continued)

Responsibilities of directors

As explained more fully in the director's responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report was 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 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: 10 JULY 2019

**Statement of comprehensive income
for the year ended 31 December 2018**

During the year ended 31 December 2018 and the previous year ended 31 December 2017 the company received no income and incurred no expenditure. Consequently the company made neither a profit nor a loss.

**Balance sheet
as at 31 December 2018**

	Note	2018 £000	2017 £000
Fixed assets			
Investments	8	977,500	977,500
Net assets		<u>977,500</u>	<u>977,500</u>
Capital and reserves			
Called up share capital	9	500,000	1,057,500
Retained earnings		477,500	(80,000)
Total equity		<u>977,500</u>	<u>977,500</u>

The notes on pages 11 to 17 are an integral part of these financial statements.

The financial statements on pages 9 to 17 were approved by the board of directors on 9 July 2019 and were signed on its behalf by:



**G Tranter
Director**

Philips UK Limited

Statement of changes in equity for the year ended 31 December 2018

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 January 2018	1,057,500	(80,000)	977,500
Profit for the financial year	-	-	-
Share capital reduction (note 9)	(557,500)	557,500	-
At 31 December 2018	500,000	477,500	977,500

Statement of changes in equity for the year ended 31 December 2017

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 January 2017	897,500	(80,000)	817,500
Proceeds on issue of ordinary shares	160,000	-	160,000
At 31 December 2017	1,057,500	(80,000)	977,500

The notes on pages 11 to 17 are an integral part of these financial statements.

Philips UK Limited

Notes to the financial statements for the year ended 31 December 2018

1. General information

The principal activity of Philips UK Limited ('the company') is to act as a holding company for the Philips group in the United Kingdom.

The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Philips Centre, Guildford Business Park, Guildford, Surrey, GU2 8XG.

2. Statement of compliance

The individual financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

3.1 Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing these financial statements.

Philips UK Limited

Notes to the financial statements (*continued*) for the year ended 31 December 2018

3. Summary of significant accounting policies (*continued*)

3.3 Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemption to prepare a statement of cash flows in preparing these financial statements, as permitted by FRS 102.

The company has taken advantage of this exemption on the basis that it meets the definition of a qualifying entity and its ultimate parent undertaking, Koninklijke Philips N.V. ("KPNV"), includes the related disclosure in its own consolidated financial statements. Details of where those financial statements may be obtained can be found in note 10.

Other than this exemption noted above, the company applied the recognition, measurement and disclosure requirements of FRS 102.

3.4 Consolidated financial statements

The company is a wholly owned subsidiary of KPNV, a company incorporated in the Netherlands. It is included in the consolidated financial statements of KPNV which are publicly available. Therefore the company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

3.5 Functional and presentational currency

The company's functional and presentational currency is the pound sterling.

3.6 Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

Philips UK Limited

Notes to the financial statements *(continued)* for the year ended 31 December 2018

3. Summary of significant accounting policies *(continued)*

3.7 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in the tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

3.8 Investments

Fixed asset investments in subsidiary undertakings are held at cost less accumulated impairment.

3.9 Share capital

Ordinary shares are classified as equity.

Philips UK Limited

Notes to the financial statements (*continued*) for the year ended 31 December 2018

3. Summary of significant accounting policies (*continued*)

3.10 Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

3.11 Related party transactions

The company discloses transactions with related parties which are not wholly owned within the Philips group. It does not disclose transactions with members of the Philips group that are wholly owned.

4. Critical accounting judgements and estimation uncertainty

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

(a) Critical judgements in applying the company's accounting policies

At 31 December 2018, the company did not make any critical judgements in applying its accounting policies.

(b) Critical accounting estimates and assumptions

There are no estimates and assumptions made by the company concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. Auditors remuneration

Auditors remuneration in respect of the audit of the company's financial statements amounting to £3,200 (2017: £4,000) will be borne by Philips Electronics UK Limited, a subsidiary undertaking. There were no fees paid to the auditor in relation to non-audit services (2017: £nil).

6. Employees and directors

The company had no employees other than directors during the year ended 31 December 2018 (2017: none).

Philips UK Limited

Notes to the financial statements (*continued*) for the year ended 31 December 2018

7. Taxation

No liability to taxation arises for the year ended 31 December 2018 (2017: £nil).

Factors affecting future tax charges

Changes to reduce the UK corporation tax rate to 17% from 1 April 2020 have been substantively enacted at the balance sheet date.

At 31 December 2018, the company has a potential deferred tax asset of £12,000 (2017: £12,000) from capital losses carried forward. In view of the fact that the availability of future income to utilise these losses is uncertain, this asset has not been recognised in these financial statements.

8. Fixed asset investments

	Subsidiary undertakings £000
Cost	
At 1 January 2018	977,500
At 31 December 2018	977,500
Net book value	
At 31 December 2018	977,500
At 31 December 2017	977,500

During the year the paid-up share capital of the company's subsidiary, Philips Electronics UK Limited was reduced from the amount of 887,500,000 ordinary shares of £1 each to the amount of 200,000,000 ordinary shares of £1 each. The share premium account of Philips Electronics UK Limited was also reduced from £7,405,000 to £nil. The sum of £694,500,000 capital created was credited to the profit and loss account of Philips Electronics UK Limited as distributable reserves. The value of the investment held by Philips UK Limited has been unaffected as a result of these changes.

Philips UK Limited

Notes to the financial statements (*continued*) for the year ended 31 December 2018

8. Fixed asset investments (*continued*)

At 31 December 2018, the company directly or indirectly held the equity of the following subsidiary undertakings. In all cases, the proportion of ordinary shares held in subsidiary undertakings was 100%.

Company name	County of incorporation	Principal activity
Philips Electronics UK Limited	England	Supply of electrical, electronics, and medical equipment
Avent Limited	England	Dormant
Invivo UK Limited	England	Dormant
PathXL Limited	Northern Ireland	Research and development
Philips Components Limited	England	Dormant
Philips Consumer Communications UK Limited	England	Dormant
Philips Trustee Company Limited	England	Dormant
PYE (Electronic Products) Limited	England	Dormant
Pyecam Company Limited	England	Dormant
Respironics (UK) Limited	England	Dormant
Respironics Limited	England	Holding company
Respironics Respiratory Drug Delivery Limited	England	Dormant
Respironics UK Holding Company Limited	England	Holding company

9. Called up share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
500,000,000 (2017: 1,057,500,000) ordinary shares of £1 each	500,000	1,057,500

During the year the paid-up share capital of the company was reduced from the amount of 1,057,500,000 ordinary shares of £1 each to the amount of 500,000,000 ordinary shares of £1 each and that the sum of £557,500,000 of capital created by such reduction was credited to the profit and loss account of the company as distributable reserves.

Philips UK Limited

Notes to the financial statements (*continued*) for the year ended 31 December 2018

10. Immediate parent undertaking and ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party is Koninklijke Philips N.V., a company incorporated in the Netherlands. Koninklijke Philips N.V. is the parent undertaking of the smallest and largest group to consolidate these financial statements and copies of its consolidated financial statements can be obtained at www.results.philips.com or from the Company Secretary, Philips Electronics UK Limited, Philips Centre, Guildford Business Park, Guildford, Surrey, GU2 8XG.