

**LEICA MICROSYSTEMS CAMBRIDGE LIMITED**

**Report and Financial Statements**

**31 December 2012**

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# **LEICA MICROSYSTEMS CAMBRIDGE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

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# **LEICA MICROSYSTEMS CAMBRIDGE LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

C E Davis  
C J M Van Ophem  
A Goodfellow

#### **SECRETARY**

D Edwards

#### **REGISTERED OFFICE**

Lothbury House  
Cambridge Technopark  
Newmarket Road  
Cambridge  
CB5 8PD

#### **BANKERS**

HSBC Bank plc  
27<sup>th</sup> Floor  
8 Canada Square  
London  
E14 5HQ

#### **AUDITORS**

Ernst & Young LLP  
400 Capability Green  
Luton  
LU1 3LU

# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

### RESULTS AND DIVIDENDS

The profit for the year after taxation is £6,137,000 (2011 £5,770,000)

The directors do not recommend payment of a dividend (2011 nil)

### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the company continue to be the provision of business services to other Leica group companies and the development, manufacture and sales of software and systems for scientific and industrial applications. In addition, the company has investments in other Danaher group companies.

As an internal service centre for the worldwide Leica group, a key financial performance indicator is our ability to not overspend on budget. This year the target was met.

In January 2012 the company acquired the development business and assets of Leica Microsystems Gateshead Ltd, which is similar in that it also provides business services to other Leica group companies. This was reflected in an increase in turnover of £2,159,054. As this part of the business was transferred to Leica Biosystems Newcastle Ltd in January 2013 we would expect a reduction in turnover of a similar amount to reflect this.

The company will continue as it has done, to act as a service centre for the Leica group.

### PRINCIPAL RISKS AND UNCERTAINTIES

#### *Financial Risks*

Given that the main focus of the company is the provision of services for other group companies, there are no significant competitive and legislative risks. The main risk is in respect of financial risk resulting from the impact of significant one off transactions.

### DIRECTORS

The directors who served during the year were as follows:

C E Davis

C R Davies (resigned 20 September 2012)

A Goodfellow

C J M Van Ophem (appointed 1 January 2013)

### GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to competitive, legislative, financial, price, credit, liquidity and cash flow risks are described in the Business Review and Principal Risks and Uncertainties above.

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

The company is trading profitably with positive cash flow and a strong balance sheet. 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 as a whole is strong and therefore the company should have access to sufficient operating funds when necessary.

# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## DIRECTORS' REPORT

### 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 AUDITORS

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

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

### AUDITORS

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the Board



D Edwards

Company Secretary

Date 27/06/2013.

# **LEICA MICROSYSTEMS CAMBRIDGE LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEICA MICROSYSTEMS CAMBRIDGE LIMITED**

We have audited the financial statements of Leica Microsystems Cambridge Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEICA MICROSYSTEMS CAMBRIDGE LIMITED (CONTINUED)**

## **Matters on which we are required to report by exception**

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

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

*Ernst & Young LLP*

John Dervley (Senior Statutory Auditor)

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

Luton

Date      *28 June 2013*



# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2012

	Note	2012 £000	2011 £000
<b>TURNOVER</b>	2	11,180	8,783
Operating expenses		(10,197)	(7,850)
Exceptional operating items	3	(39)	370
<b>OPERATING PROFIT / (LOSS)</b>		944	1,303
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES</b>		944	1,303
Interest receivable and similar income	5	5,174	4,700
Interest payable and similar charges	6	(9)	(6)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6,109	5,997
Tax (charge) / credit on profit / (loss) on ordinary activities	7	28	(227)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>	15	6,137	5,770

There were no recognised gains or losses other than the profit or loss for the period, all of which is derived from continuing operations

The accompanying notes are an integral part of this profit and loss account

# LEICA MICROSYSTEMS CAMBRIDGE LIMITED


Registered number 2690018

## BALANCE SHEET At 31 December 2012

	Note	2012 £000	2011 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	768	549
Investments	9	8,136	8,136
		<u>8,904</u>	<u>8,685</u>
<b>CURRENT ASSETS</b>			
Debtors			
- due within one year	10	1,870	1,751
- due after more than one year	11	56,470	51,700
Cash		780	110
		<u>59,120</u>	<u>53,561</u>
<b>CREDITORS amounts falling due within one year</b>	12	(2,091)	(1,847)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>57,029</u>	<u>51,714</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		65,933	60,399
Other creditors > 1 year		(31)	0
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	13	(56)	(690)
<b>NET ASSETS / (LIABILITIES)</b>		<u>65,846</u>	<u>59,709</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	16,645	16,645
Share premium account	15	30,500	30,500
Profit and loss account	15	18,701	12,564
<b>TOTAL SHAREHOLDERS' FUNDS</b>	15	<u>65,846</u>	<u>59,709</u>

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

A Goodfellow  
Director  
Date

  
*27 JUNE 2013.*

The accompanying notes are an integral part of this balance sheet

# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2012

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, which have been applied consistently throughout the current and prior periods. The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

Under the provisions of Financial Reporting Standard No 1 (revised) Cash Flow Statements, the company has not prepared a cashflow statement because its ultimate parent company, Danaher Corporation, has prepared consolidated financial statements which include the financial statements of the company for the year which are publicly available.

The company has taken advantage of the exemption from preparing consolidated financial statements, because publicly available consolidated financial statements are prepared by its ultimate parent undertaking, Danaher Corporation, a company incorporated in the USA.

The financial statements present information about the company as an individual undertaking and not as a group.

#### Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of VAT and discounts.

#### Income from service contracts

Income from service contracts is credited to the profit and loss account on a straight-line method over the life of the contract.

#### Tangible fixed assets

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

Computer software and equipment	1 to 10 years
Leasehold improvements	5 to 10 years
Plant and machinery	5 to 10 years
Fixtures, fittings and equipment	5 to 10 years

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### Investments

Fixed asset investments are stated at cost less any permanent diminution in value.

#### Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date or, if appropriate, at the forward contract rate. All exchange differences are included in the profit and loss account.

#### Leases

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

#### Pension costs

A defined benefit pension scheme is operated for the employees of the UK companies within the Leica Microsystems group. The scheme is funded by the payment of contributions to a separately administered trust fund. However, the contributions paid by the company are accounted for as if the scheme were a

# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2012

### Pension costs (continued)

defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme

As a result, contributions to the scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

The company also operates a defined contribution scheme. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period

### Provision for liabilities

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

### Taxation

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

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

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

## 2 SEGMENTAL INFORMATION

	2012 £000	2011 £000
<b>Turnover by destination</b>		
UK	632	627
Rest of Europe	6,793	6,284
North America	2,688	855
Asia	909	844
Australia	158	153
Middle East	0	20
	<u>11,180</u>	<u>8,783</u>

# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2012

### 3 OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after charging / (crediting)

	2012 £000	2011 £000
Depreciation of tangible fixed assets - owned	334	217
Provision for onerous lease and associated dilapidations (note 13)	39	(370)
Foreign exchange gains / (losses)	156	20
Bad debt expense	70	0
Operating lease rentals		
- land and buildings	438	569
- other	95	67
Auditors' remuneration		
- audit	19	10

Provision for onerous lease and associated dilapidations

In 2011, the company re-evaluated its position regarding the tenure of the Coldhams Lane site and served notice to exercise the site lease break clause in 2012. Hence, the company negotiated the exit from the Coldhams Lane site and utilised the onerous lease provision against the payments made upon exit from the lease.

### 4 STAFF COSTS

(a) staff costs

	2012 £000	2011 £000
<b>Staff costs during the year</b>		
Wages and salaries	4,621	3,569
Social security costs	537	459
Other pension costs – defined benefit scheme	306	319
Other pension costs – defined contribution scheme	95	39
	<u>5,559</u>	<u>4,386</u>

	2012 No.	2011 No.
<b>Average numbers of persons employed</b>		
Marketing and sales	8	3
Research and development	28	17
Technical services	2	2
Administration	38	34
	<u>76</u>	<u>56</u>

# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2012

### 4 STAFF COSTS (continued)

#### (b) Directors' emoluments

The following disclosures are in respect of qualifying services provided by Alan Goodfellow and Colin Davies

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
The following disclosures are in respect of qualifying services provided by the directors of the company		
Aggregate emoluments in respect of qualifying services	<u>215</u>	<u>208</u>
	<b>2012</b> <b>No.</b>	<b>2011</b> <b>No</b>
Number of directors who received shares in respect of qualifying services	<u>1</u>	<u>0</u>
Number of directors who exercised share options	<u>0</u>	<u>0</u>
Number of directors accruing benefits under defined benefit schemes	<u>1</u>	<u>1</u>
	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
In respect of the highest paid director		
Aggregate remuneration	<u>171</u>	<u>165</u>
Accrued pension at the end of the year	<u>32</u>	<u>29</u>
Accrued lump sum at the end of the year	<u>0</u>	<u>0</u>

The other directors' services to this company are of a non executive nature and their emoluments are deemed to be wholly attributable to their qualifying services to other Danaher entities in the Leica group (R Peters, C J M Van Ophem) Accordingly, these financial statements include no emoluments in respect of these directors (2011 £nil)

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Interest receivable from fellow group undertakings	5,170	4,700
Bank interest receivable	<u>4</u>	<u>0</u>
	<u><b>5,174</b></u>	<u><b>4,700</b></u>

# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2012

### 6 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £000	2011 £000
Bank interest payable	(9)	(6)
	<u>(9)</u>	<u>(6)</u>

### 7 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

The tax credit / (charge) is based on the results for the year and comprises

	2012 £000	2011 £000
<b>Current tax</b>		
Adjustment in respect of prior years	0	(6)
		<u>(6)</u>
<b>Deferred tax</b>		
Charge / (credit) to the profit and loss account	(20)	181
Adjustment in respect of prior years	(63)	0
Adjustment in respect of change in tax rates	55	52
	<u>(28)</u>	<u>233</u>
Taxation charge / (credit) for the year	<u>(28)</u>	<u>227</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 24.5% (2011 26.5%). The actual tax charge for the year differs from the standard rate of UK corporation tax for the reasons set out in the following reconciliation

	2012 £000	2011 £000
<b>Profit / (loss) before tax</b>	6,109	5,997
Tax on profit / (loss) on ordinary activities at standard UK corporation tax rate of 24.5% (2011 26.5%)	1,496	1,589
Effects of		
(Income)/ expenses not (taxable)/ deductible for tax purposes	27	28
Group relief surrendered / (claimed) for nil consideration	(1,415)	(1,359)
Utilisation of brought forward losses	(76)	(76)
Fixed asset timing differences	140	53
Other timing differences	(172)	(235)
Adjustment to tax charge in respect of prior year	0	(6)
<b>Current tax</b>	<u>0</u>	<u>(6)</u>

# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2012

### 8 TANGIBLE FIXED ASSETS

	Leasehold improvements £000	Computer software and equipment £000	Fixtures, fittings, plant & machinery £000	Total £000
<b>Cost</b>				
At 1 January 2012	698	1,126	96	1,920
Additions	167	144	0	311
Transfers (at NBV)	0	200	42	242
Disposals	(472)	(32)	(64)	(568)
At 31 December 2012	393	1,438	74	1,905
<b>Depreciation</b>				
At 1 January 2012	603	672	96	1,371
Charge for the year	73	247	14	334
Disposals	(472)	(32)	(64)	(568)
At 31 December 2012	204	887	46	1,137
<b>Net book value</b>				
At 31 December 2012	189	551	28	768
At 1 January 2012	95	454	0	549

### 9 FIXED ASSET INVESTMENTS

	Subsidiary undertakings £000	Other investments £000	Total £000
<b>Cost</b>			
At 1 January 2012	136	8,000	8,136
Additions	0	0	0
Disposals	0	0	0
Write off investment	0	0	0
At 31 December 2012	136	8,000	8,136
<b>Impairment</b>			
At 1 January 2012	0	0	0
Charge for the year	0	0	0
Disposals	0	0	0
At 31 December 2012	0	0	0
<b>Net book value</b>			
At 31 December 2012	136	8,000	8,136
At 1 January 2012	136	8,000	8,136



# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2012

### 9. FIXED ASSET INVESTMENTS (continued)

#### *Principal subsidiary undertakings*

The company holds investments in ordinary shares of the following principal subsidiary undertakings

<u>Company Name</u>	<u>Country of Incorporation</u>	<u>Principal activity</u>	<u>%</u>
Cambridge Instruments Ltd	England and Wales	Dormant	100

#### *Other investments*

On 25 March 2011, Leica Microsystems Cambridge Ltd purchased the DKK equivalent of £8,000k in KaVo Finance ApS ordinary shares, through cash settlement. This represents less than 0.6 % of the total ordinary shares of KaVo Finance ApS.

### 10 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	0	43
Amounts owed by other group undertakings	977	811
Other debtors	2	2
Prepayments and accrued income	214	237
Deferred tax	630	602
VAT receivable	47	56
	<u>1,870</u>	<u>1,751</u>

Deferred tax is provided as follows

	<b>Recognised</b>	<b>Recognised</b>	<b>Not</b>	<b>Not</b>
	<b>2012</b>	<b>2011</b>	<b>recognised</b>	<b>recognised</b>
	<b>£000</b>	<b>£000</b>	<b>2012</b>	<b>2011</b>
			<b>£000</b>	<b>£000</b>
Fixed asset timing differences	572	427	0	0
Other timing differences	58	175	0	0
Trading losses	0	0	391	502
At 31 December	<u>630</u>	<u>602</u>	<u>391</u>	<u>502</u>

Reconciliation on movement of deferred tax asset

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Deferred tax asset / (liability) as at 1 January	602	835
(Charge) / credit to the profit and loss account	(35)	(233)
Adjustment in respect of prior years	63	0
Deferred tax asset / (liability) as at 31 December	<u>630</u>	<u>602</u>

# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2012

### 10 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

Finance Act 2012 included legislation to reduce the main rate of corporation tax to 23% from 1 April 2013. The reported deferred asset has therefore been reduced to reflect the reduction in rate to 23%.

Finance Bill 2013 includes legislation to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. As this had not been substantively enacted at the balance sheet date, the reported deferred tax asset has not been reduced. The impact of the rate reductions will be reported in the next reporting period following the substantive enactment of the relevant legislation.

Substantive enactment of the full reduction to 20% would reduce the reported recognised deferred tax assets by approximately £82k, and would reduce the reported unrecognised deferred tax assets by approximately £51k.

### 11 DEBTORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £000	2011 £000
Amounts owed by other group undertakings	56,470	51,700
	<u>56,470</u>	<u>51,700</u>

On 31 December 2009 Leica Microsystems Cambridge Limited issued a loan note of £47,000,000 to Launchchange Limited, repayable on 31 December 2029 with interest at 10%.

### 12 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £000	2011 £000
Trade creditors	293	283
Amounts owed to other group undertakings	592	590
Other taxation and social security	165	97
Accruals and deferred income	1029	877
Other creditors	12	0
	<u>2,091</u>	<u>1,847</u>

# LEICA MICROSYSTEMS CAMBRIDGE LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2012

### 13 PROVISION FOR LIABILITIES AND CHARGES

	Property provision £000	Onerous lease / dilapidations provision £000	Total £000
At 1 January 2012	0	690	690
Increase	56	0	56
Utilisation	0	(673)	(673)
Release of provision	0	(17)	(17)
At 31 December 2012	<u>56</u>	<u>0</u>	<u>56</u>

The onerous lease provision held in 2011 was utilised in 2012 as the company moved to a new site in March 2012. The property provision of £56k is made up of dilapidations accruals for the new site.

### 14 CALLED UP SHARE CAPITAL

	2012 £000	2011 £000
<b>Called up Allotted and fully paid</b>		
16,644,820 ordinary shares of £1 each (2011 16,644,820)	<u>16,645</u>	<u>16,645</u>
	<u>16,645</u>	<u>16,645</u>

### 15 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital £000	Share premium account £000	Profit and loss account £000	Total Share- holders' Funds £000
At 1 January 2011	16,645	30,500	6,794	53,939
Retained profit / (loss) for the year	0	0	5,770	5,770
At 1 January 2012	16,645	30,500	12,564	59,709
Retained profit / (loss) for the year	0	0	6,137	6,137
At 31 December 2012	<u>16,645</u>	<u>30,500</u>	<u>18,701</u>	<u>65,846</u>

## LEICA MICROSYSTEMS CAMBRIDGE LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2012

#### 16. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

An unlimited multi-lateral guarantee exists between all the United Kingdom based subsidiaries of Danaher Corporation and HSBC Bank plc

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2012 £000	Other 2012 £000	Land and buildings 2011 £000	Other 2011 £000
Expiry date				
- within one year	0	26	142	33
- between two and five years	0	36	0	44
- after five years	185	0	0	0
	<u>185</u>	<u>62</u>	<u>142</u>	<u>77</u>

As at 31 December 2011, the company had negotiated the early exit from the Coldhams Lane site, and was only committed for part of 2012

#### 17. PENSION ARRANGEMENTS

Leica Microsystems Cambridge Limited and Leica Microsystems UK Limited operate two pension schemes for UK employees a defined benefit scheme, which is closed to new entrants and a defined contribution scheme

The defined benefit scheme is funded by the payment of contributions to a separately administered trust fund. However, the contributions paid by the company are accounted for as if the scheme were a defined contribution scheme, as the company is unable to identify its share of the underlying assets and liabilities in the scheme. Benefits provided by this scheme are based on final pensionable salary and years of service.

The contributions to the company's pension scheme are determined with the advice of an independent qualified actuary on the basis of valuations carried out at least triennially. The most recent valuation was made on 31 March 2012, under the Pension Act 2004. The following main assumptions, were taken in the valuation

Rate of increase in salaries	4.41% per annum
Valuation rate of investment return for members prior to retirement	6.13% per annum
Valuation rate of investment return for members after retirement	3.76% per annum
RPI	3.41% per annum
CPI	2.66% per annum
Pension increases	
- Staff with 5% limited price indexations	3.25% per annum
- Staff with 3% limited price indexations	2.50% per annum

The actuarial valuation of 31 March 2012 revealed a funding shortfall of £4,714,159

A recovery plan has been agreed with the Trustees to eliminate the funding shortfall. Leica Microsystems UK Limited and Leica Microsystems Cambridge Limited have agreed to remove the funding shortfall by continuing the current £1,950,939 pa deficit contributions for another 2 years and 7 months from April 2012.

The defined benefit scheme pension expense charged to the accounts for the year ended 31 December 2012 amounted to £306,206 (2011: £319,000). There were no amounts outstanding at the year-end (2011: £nil).

# **LEICA MICROSYSTEMS CAMBRIDGE LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2012**

### **17 PENSION ARRANGEMENTS (continued)**

The defined contribution scheme pension expense charged to the accounts for the year ended 31 December 2012 amounted to £95,425 (2011 £39,000) At the year-end a total of £12,205 was outstanding (2011 £7,018)

### **18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent undertaking is Kaltenbach & Voigt Holding GmbH, a company incorporated in Germany

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

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

### **19 RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption in FRS 8, para 3c not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent

### **20. POST BALANCE SHEET EVENTS**

In January 2013 the part of the assets and liabilities of the business formerly known as Leica Microsystems Gateshead Ltd were transferred to Leica Biosystems Newcastle Ltd