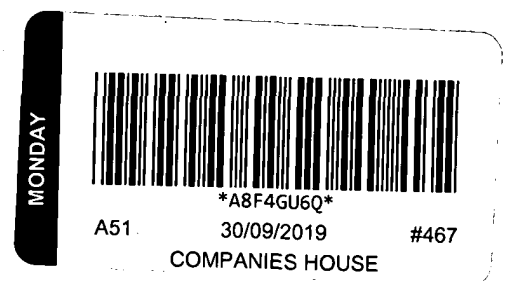


Company Registration No. 00476611

**LEICA MICROSYSTEMS (UK) LIMITED**

**Report and Financial Statements**

**31 December 2018**



# **LEICA MICROSYSTEMS (UK) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2018**

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# **LEICA MICROSYSTEMS (UK) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2018**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Mr D L Edwards  
Mr A Humes  
Mr M Vornhagen

#### **REGISTERED OFFICE**

Lothbury House  
Cambridge Technopark  
Newmarket Road  
Cambridge  
CB5 8PB

#### **BANKERS**

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

#### **AUDITORS**

Ernst & Young LLP  
One Cambridge Business Park  
Cowley Road  
Cambridge  
CB4 0WZ

# LEICA MICROSYSTEMS (UK) LIMITED

## STRATEGIC REPORT

### REVIEW OF BUSINESS

The company continued to act as the United Kingdom distributor for Leica Microsystems and Leica Biosystems. Leica Microsystems is a leading global designer and producer of innovative high-tech precision optics systems for the analysis of microstructures. Leica Biosystems is a producer of diagnostic systems and consumables.

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

KPI	2018 £000	2017 £000	Change %
Turnover	66,207	60,139	10
Operating profit	(79)	3,218	-102
Orders received	69,320	63,461	9
Year end overdue debt	577	1,342	-57
Year end inventory	752	626	20

### FUTURE DEVELOPMENTS

The company expects continued success in the future, with moderate organic growth of Leica Microsystems and Biosystems products as well as new additions to the product range.

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are grouped as financial and competitive.

#### *Competitive risks*

The microscopy market is complex and specialised. New niche markets arise for which microscopy applications are continually developed by our Leica parent company.

#### *Financial Risks*

Purchases and some sales are made in foreign currency (mostly Euros) and subject to exchange rate variations.

Credit is given to customers based on Dun and Bradstreet credit reports and debtors are continually reviewed and chased for payments.

Business activity is subject to Danaher Corporation's risk mitigation procedures. These include satisfying Danaher's corporate governance principles and Sarbanes Oxley audit controls.

On behalf of the Board



D L Edwards

Director

Date: 25 September 2019

# **LEICA MICROSYSTEMS (UK) LIMITED**

## **DIRECTORS' REPORT**

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

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation is £576,000 (2017 £3,476,000). No dividends were paid during the year.

### **DIRECTORS, COMPANY SECRETARY AND THEIR INTERESTS:**

The directors who served during the year were as follows:

D L Edwards

A Humes

M Vornhagen

### **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.

Accordingly, the directors have continued to adopt the going concern basis in preparing the financial statements.

### **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 to the Companies Act 2006 and are all currently in force.

**DIRECTORS' REPORT (CONTINUED)**

**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.

**AUDITOR**

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

A handwritten signature in black ink, appearing to read 'David L Edwards', written over a horizontal line.

D L Edwards

Director

Date: 25 September 2019

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) 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 (UK) LIMITED**

## **Opinion**

We have audited the financial statements of Leica Microsystems (UK) Limited for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 20, 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".

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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

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

## **Conclusion 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 LEICA MICROSYSTEMS (UK) LIMITED (CONTINUED)**

## **Other information**

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

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

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

We have nothing to report in this regard.

## **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 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.

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

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



Fraser Bull (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Cambridge

Date 27 September 2019

# LEICA MICROSYSTEMS (UK) LIMITED

## INCOME STATEMENT

For the year ended 31 December 2018

	Note	2018 £000	2017 £000
<b>TURNOVER</b>	3	66,207	60,139
Cost of sales		<u>(47,323)</u>	<u>(39,785)</u>
<b>GROSS PROFIT</b>		18,884	20,354
Operating expenses		<u>(18,963)</u>	<u>(17,136)</u>
<b>OPERATING PROFIT</b>	4	(79)	3,218
Interest receivable and similar income	6	346	256
Interest payable and similar charges	7	-	(2)
Other finance income		<u>367</u>	<u>87</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		634	3,559
Tax (charge) / credit on profit / (loss) on ordinary activities	8	<u>(58)</u>	<u>(83)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>576</u>	<u>3,476</u>

All activities derive from continuing operations.

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	2018 £000	2017 £000
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		576	3,476
Actuarial gain related to pension scheme	18	989	10,103
Other movement		(11)	-
Movement on deferred tax relating to pension scheme asset/liability	8	<u>86</u>	<u>(1,920)</u>
<b>OTHER COMPREHENSIVE (LOSS) / INCOME</b>		1,064	8,183
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME</b>		<u>1,640</u>	<u>11,659</u>

# LEICA MICROSYSTEMS (UK) LIMITED

Registered number 00476611

## STATEMENT OF FINANCIAL POSITION At 31 December 2018

	Note	2018 £000	2017 £000
<b>FIXED ASSETS</b>			
Intangible assets	9	-	-
Tangible assets	10	3,969	3,625
		<u>3,969</u>	<u>3,625</u>
<b>CURRENT ASSETS</b>			
Stock	11	752	626
Debtors			
- due within one year	12	12,399	11,326
- due after more than one year		18,734	18,535
Cash at bank and in hand		<u>9,627</u>	<u>7,217</u>
		41,512	37,704
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(20,087)</u>	<u>(17,958)</u>
<b>NET CURRENT ASSETS</b>		<u>21,425</u>	<u>19,746</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		25,394	23,371
<b>DEFINED BENEFIT PENSION SCHEME ASSET</b>		12,981	12,656
<b>CREDITORS: amounts falling due after more than one year</b>	14	(2,327)	(1,591)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred tax	8	(1,192)	(1,220)
Other provisions	15	<u>(450)</u>	<u>(450)</u>
<b>NET ASSETS</b>		<u>34,406</u>	<u>32,766</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	11,725	11,725
Profit and loss account		<u>22,681</u>	<u>21,041</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>34,406</u>	<u>32,766</u>

These financial statements were approved by the Board of Directors on 25 September 2019.

Signed on behalf of the Board of Directors



D L Edwards

Director

The accompanying notes are an integral part of this statement of financial position.

**LEICA MICROSYSTEMS (UK) LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2018**

	<b>Called-up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total Shareholders funds £000</b>
<b>At 1 January 2017</b>	11,725	9,382	21,107
Other comprehensive income	-	8,183	8,183
Profit for the year	-	3,476	3,476
<b>At 31 December 2017</b>	11,725	21,041	32,766
Other comprehensive income	-	1,064	1,064
Profit for the year	-	576	576
<b>At 31 December 2018</b>	11,725	22,681	34,406

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

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

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

The financial statements of Leica Microsystems (UK) Limited (the "Company") for the year ended 31 December 2018 were authorised for issue by the board of directors on 25 September 2019 and the statement of financial position was signed on the board's behalf by D L Edwards. Leica Microsystems (UK) Limited is incorporated and domiciled in the United Kingdom. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of Leica Microsystems (UK) Limited are included in the consolidated financial statements of Danaher Corporation which are available from 2200 Pennsylvania Avenue Suite 800 West, Washington DC 20037, USA.

The principal accounting policies adopted by the Company are set out in note 2.

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

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

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 *Share based Payment*, because:
  - (i) the share based payment arrangement concerns the instruments of another group entity;
- (b) the requirements of IFRS 7 *Financial Instruments: Disclosures*,
- (c) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*,
- (d) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
  - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*;
- (e) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 111, and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (f) the requirements of IAS 7 *Statement of Cash Flows*;
- (g) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (h) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- (i) 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
- (j) the requirements of paragraphs 130(f)(ii)-130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

#### 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

##### *New and amended standards and interpretations*

The Company applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

##### *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 its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 2. ACCOUNTING POLICIES (Continued)

#### 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (Continued)

that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted IFRS 15 using the modified retrospective method of adoption. The company did not apply any of the available optional practical expedients.

The adoption of IFRS 15 had no impact on the primary financial statements for any years presented within the financial statements.

#### *IFRS 9 Financial Instruments*

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing 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 the initial application date of 1 January 2018. The adoption of IFRS 9 had no impact on the primary financial statements for any years presented within the financial statements.

#### 2.3 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The only significant judgements and estimates identified by the directors are those relating to the underlying assumptions within the defined benefit pension scheme. Other estimates consist of inventory, dilapidations and trade receivable provision which are not deemed significant.

#### 2.4 SIGNIFICANT ACCOUNTING POLICIES

##### **Revenue recognition**

Revenue from sales of equipment is recognised when goods have been shipped from the factory or delivery has occurred depending on the terms of the customer purchase order. Revenue from equipment maintenance is recognised over the period of the agreement. Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

##### **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is allocated to cash generating units (CGUs) and is tested for impairment annually at the year end, or at any other time that there is an indication of impairment and is carried at cost less accumulated impairment losses.

Impairment losses are charged to the income statement. The balance of goodwill was impaired to nil in previous periods and as such there is therefore no description of the key assumptions and sensitivities included within the financial statements.

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 2. ACCOUNTING POLICIES (Continued)

#### 2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 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:

Fixtures and fittings	--	10 - 20% straight line
Plant and equipment	--	20 – 25 % straight line
Short Term IT equipment	--	20 - 25 % straight line

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

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

##### Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

##### 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 monthly DHR exchange rate ruling in the month of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the balance sheet date. All exchange differences are included in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

##### Inventories

Inventories are stated at the lower of cost, including freight and duty where applicable, and net realisable value. Provision is made for obsolete and slow-moving stock.



# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 2. ACCOUNTING POLICIES (Continued)

#### 2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Leases

Leases are classified as either finance or operating leases. Leasing transactions that transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee are classified as finance leases. All other leasing agreements are classified as operating leases.

A lease is classified at the inception date as a finance lease or an operating lease. Rentals under operating leases (including lease incentives) are charged in the profit and loss account on a straight-line basis over the lease term. Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and 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.

The defined benefit pension scheme is closed to new entrants and has been closed to future accruals at 31 December 2016. It is the general policy of the Company to fund pension liabilities, on the advice of external actuaries. Actuarial valuations on a going concern basis are carried out at least every three years.

The Company applies IAS 19 and incorporated the pension scheme asset in full on the grounds that the share of the assets and liabilities for any other participating company cannot be identified and would not be material in relation to the overall asset.

The cost of providing benefits under the defined benefit scheme 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 obligations) and is based on actuarial advice. Past service costs are recognised in the income statement on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or curtailment occurs the change in the present value of the Scheme liabilities and the fair value of the Scheme assets reflects the gain or loss which is recognised in the income statement.

Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest cost of the defined benefit obligations represents the change in present value of the Scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The interest income on Scheme assets is a component of the return on Scheme assets and is determined by multiplying the fair value of Scheme assets at the beginning of the year by the discount rate, adjusted for the effect on the fair value of Scheme assets of contributions received and benefits paid during the year. The difference between the interest income on Scheme assets and the interest cost on Scheme obligations is recognised in the income statement as other finance income or expense.

Actuarial gains and losses are recognised in full in the statement of comprehensive income in the period in which they occur. Any difference between the expected return on scheme assets and that actually achieved and any differences that arise from experience or assumption changes are also charged through the statement of comprehensive income.

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 2. ACCOUNTING POLICIES (Continued)

#### 2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Pension costs (continued)

The defined benefit pension asset or liability in the statement of financial position comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds) less any past service cost not yet recognised and less the fair value of Scheme assets out of which the obligations are to be settled directly. Fair value is based on market price information and in

the case of quoted securities is the published bid price. The value of a net defined benefit pension asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the Scheme.

The Trustees do not have the unilateral power to amend the Scheme, augment benefits or trigger the wind up of the Scheme. Any surplus will be refunded to the Company at the point when the last member of the scheme is deceased.

The Company operates a defined contribution pension scheme, which is open to eligible employees. The Company's contributions are charged to the profit and loss account in the year in which they are payable.

##### Provision for liabilities

A provision is recognised when the Company 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

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 enforceable 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.)

##### Trade receivables

Trade receivables do not carry any interest. They are recorded initially at fair value and subsequently measured at amortised cost for situations where recovery is doubtful. Such allowances are based on an individual assessment of each receivable. Generally, this results in their recognition at nominal value less any allowance for any doubtful debts.

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 2. ACCOUNTING POLICIES (Continued)

#### 2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Trade payables

Trade payables are not interest bearing. They are recorded initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at nominal value.

##### Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits with initial maturities of three months or less. Cash and cash equivalents are shown net of bank overdrafts where the Company have the right of net settlement.

### 3. TURNOVER AND SEGMENTAL INFORMATION

	2018 £000	2017 £000
Sales of goods	54,495	48,923
Rendering of services	11,712	11,216
	<u>66,207</u>	<u>60,139</u>

	2018 £000	2017 £000
<b>Turnover by destination</b>		
United Kingdom & Channel Islands	53,308	48,801
Rest of World	12,899	11,338
	<u>66,207</u>	<u>60,139</u>

### 4. OPERATING PROFIT

Operating profit is stated after charging:

	2018 £000	2017 £000
Staff costs	9,900	8,828
Depreciation of tangible fixed assets - owned	1,704	1,544
Operating lease rentals		
- land & buildings	218	203
- other	449	468
Auditors' remuneration		
- audit	23	42
Exchange differences	297	210

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts Year ended 31 December 2018

### 5. STAFF COSTS

#### (a) Staff costs

	2018 £000	2017 £000
Staff costs during the year		
Wages and salaries	6,082	5,948
Social security costs	1,072	1,039
Employee bonuses and commissions	1,471	1,313
UK defined benefit pension costs (see note 18)	663	(65)
Other pension costs	451	442
Other employee costs	161	151
	<u>9,900</u>	<u>8,828</u>
	2018 No.	2017 No.
<b>Average numbers of persons employed</b>		
Marketing, selling and technical service	138	150
General and administration	5	5
	<u>143</u>	<u>155</u>

#### (b) Directors' emoluments

The following disclosures are in respect of qualifying services provided by one director.

	2018 £000	2017 £000
Aggregate emoluments in respect of qualifying services	<u>120</u>	<u>102</u>
	2018 No.	2017 No.
Number of directors who received shares in respect of qualifying services	<u>1</u>	<u>1</u>
Number of directors who exercised share options	<u>-</u>	<u>-</u>
Number of directors accruing benefits under defined benefit schemes	<u>-</u>	<u>-</u>
	2018 £000	2017 £000
In respect of the highest paid director:		
Aggregate remuneration	<u>120</u>	<u>102</u>
Accrued pension at the end of the year	<u>-</u>	<u>-</u>
Accrued lump sum at the end of the year	<u>-</u>	<u>-</u>

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 5. STAFF COSTS (Continued)

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 (D L Edwards, M Vornhagen). Accordingly, these financial statements include no emoluments in respect of these directors (2017: £nil).

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£000	£000
Bank interest receivable	59	18
Intercompany interest receivable	287	238
	<u>346</u>	<u>256</u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£000	£000
Bank interest payable	-	2
	<u>-</u>	<u>2</u>

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the results for the year and comprises:

	2018	2017
	£000	£000
<b>Current tax</b>		
UK corporation tax	-	-
	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Charge to the profit and loss account		
- Defined benefit pension scheme	(113)	13
- In respect of all other assets and liabilities	171	70
Adjustment in respect of prior years	-	-
Adjustment in respect of change in tax rates – pension fund	-	-
Adjustment in respect of change in tax rates - other	-	-
	<u>58</u>	<u>83</u>
Taxation charge for the year	<u>58</u>	<u>83</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2017: 19.25%). 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.

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	2018 £000	2017 £000
<b>Profit before tax</b>	634	3,559
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2017: 19.25%)	120	685
Effects of:		
(Income)/expenses not (taxable) deductible	3	7
Difference tax rates	133	(1)
Prior year adjustment to deferred tax	-	-
Group relief	(198)	(608)
<b>Total tax</b>	<u>58</u>	<u>83</u>

The amounts provided for deferred taxation are set out below:

	2018 £000	2017 £000
Fixed asset temporary differences	912	1,068
Short term timing differences	102	117
Defined benefit pension	(2,206)	(2,405)
At 31 December	<u>(1,192)</u>	<u>(1,220)</u>

	2018 £000	2017 £000
Deferred tax asset / (liability) as at 1 January	(1,220)	783
(Charge) / credit to the income statement	(58)	(83)
Adjustment in respect of prior years	-	-
(Charge)/ credit to other comprehensive income	86	(1,920)
Deferred tax asset / (liability) as at 31 December	<u>(1,192)</u>	<u>(1,220)</u>

The amount of deferred tax not recognised at 31 December 2018 was £ nil (2017: £ nil).

The tax rates to be used are those which have been enacted or substantively enacted by the balance sheet date. The Summer Finance Act 2015 included legislation to reduce the main rate of corporation tax to 19% effective from 1 April 2017. The Finance Act 2016 included legislation to reduce the main rate of corporation tax to 17% effective from 1 April 2020.

The deferred tax provided within the accounts is expected to reverse after 1 April 2020 and as such has been provided at 17%.

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts Year ended 31 December 2018

### 9. INTANGIBLE FIXED ASSETS

	Goodwill £000	Total £000
<b>Cost</b>		
At 1 January 2018	412	412
Additions	-	-
Disposals	-	-
Write off	-	-
At 31 December 2018	412	412
<b>Impairment</b>		
At 1 January 2018	412	412
Charge for the year	-	-
Disposals	-	-
At 31 December 2018	412	412
<b>Net book value</b>		
At 31 December 2018	-	-
At 1 January 2018	-	-

### 10. TANGIBLE FIXED ASSETS

	Lease- hold im- prove- ments £000	Bond ma- chine rentals £000	Fixtures, fittings, plant & machin- ery £000	Soft- ware £000	Short Term IT Hard- ware £000	Total £000
<b>Cost</b>						
At 1 January 2018	1,363	9,852	21	-	215	11,451
Additions	-	2,009	-	18	57	2,084
Disposals	-	(1,286)	(2)	-	(65)	(1,353)
At 31 December 2018	1,363	10,575	19	18	207	12,182
<b>Depreciation</b>						
At 1 January 2018	1,290	6,300	21	-	215	7,826
Charge for the year	65	1,578	-	4	57	1,704
Disposals	-	(1,250)	(2)	-	(65)	(1,317)
At 31 December 2018	1,355	6,628	19	4	207	8,213
<b>Net book value</b>						
At 31 December 2018	8	3,947	-	14	-	3,969
At 1 January 2018	73	3,552	-	-	-	3,625

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 11. STOCK

	2018 £000	2017 £000
Raw materials and consumables	189	124
Finished goods and goods for resale	563	502
	<u>752</u>	<u>626</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

During the year £37,777,000 of inventories have been recognised as an expense within cost of goods sold.

### 12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Amounts falling due within one year	2018 £000	2017 £000
Trade debtors	11,319	10,554
Amounts owed by other group undertakings	512	429
Other debtors	285	127
Prepayments and accrued income	279	203
Finance leases	4	13
Deferred tax asset (note 8)	-	-
	<u>12,399</u>	<u>11,326</u>

Amounts falling due after more than one year	2018 £000	2017 £000
Amounts owed by other group undertakings	18,651	18,376
Finance leases	83	159
	<u>18,734</u>	<u>18,535</u>

On July 1st, 2016 Leica Microsystems (UK) Limited provided £18,000,000 to Leica Biosystems Newcastle Limited by means of a loan with a maturity date of June 2026. The loan is subject to a variable interest rate equal to the base rate of the Bank of England plus 1%.



# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Trade creditors	693	280
Other creditors	12	5
Amounts owed to other group undertakings	13,507	11,453
Other taxation and social security	10	403
Accruals and deferred income	5,865	5,817
	<u>20,087</u>	<u>17,958</u>

### 14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £000	2017 £000
Deferred income	2,327	1,591
Total creditors: amounts falling due after one year	<u>2,327</u>	<u>1,591</u>

### 15. PROVISION FOR LIABILITIES AND CHARGES

	Property provision £000
At 1 January 2018	450
Utilisation	-
Release of provision	-
At 31 December 2018	<u>450</u>

The property provision of £450,000 is the expected full dilapidation provision for two sites in Milton Keynes, £300,000 is expected to be utilised in 2019 upon final settlement with the landlord and £150,000 upon the expiry of the current leased premises in 2024.

### 16. CALLED UP SHARE CAPITAL

	2018 £000	2017 £000
Called up, allotted and fully paid		
11,725,497 ordinary shares of £1 each (2017: 11,725,497)	11,725	11,725
	<u>11,725</u>	<u>11,725</u>

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 17. GUARANTEES AND OBLIGATIONS UNDER LEASES

An unlimited multi-lateral guarantee exists between all the United Kingdom based subsidiaries of Danaher Corporation and HSBC Bank plc. In addition, a guarantee for £52,000 was provided to a customer.

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

	Land and buildings 2018 £000	Other 2018 £000	Land and buildings 2017 £000	Other 2017 £000
Operating lease commitment				
- within one year	135	347	135	420
- between two and five years	540	361	540	538
- over 5 years	11	1	146	-
	<u>686</u>	<u>709</u>	<u>821</u>	<u>958</u>

#### Operating lease agreements where the Company is lessor

The Company holds a number of bond machines, which are let to third parties. These non-cancellable leases have remaining terms of between 5 and 10 years. All leases include a provision for five-yearly upward rent reviews according to prevailing market conditions.

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

	2018 £000	2017 £000
Operating lease commitment		
- within one year	1,162	480
- between two and five years	1,882	595
- over 5 years	115	34
	<u>3,159</u>	<u>1,109</u>

#### Finance lease agreements where the Company is lessor

Leica Microsystems UK is a lessor in connection with finance leases. These relate to the leasing of bond machines. Leica Microsystems recognises a receivable in the amount of the net investment in the lease. The lease payments made by the lessees are split into an interest component and a principal component using the effective interest method. The lease receivable is reduced by the principal received. The interest component of the payments is recognised as finance income in the income statement. The table below shows how the amount of the net investment in a finance lease is determined:

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 17. GUARANTEES AND OBLIGATIONS UNDER LEASES (continued)

#### Finance lease agreements where the Company is lessor (continued)

	2018 £000	2017 £000
Operating lease commitment		
Minimum lease payments	173	259
Unguaranteed residual value	-	-
Gross investment	173	259
Unearned finance income	(14)	(29)
<b>Net investment</b>	<b>159</b>	<b>230</b>

The gross investment amounts and the present value of payable minimum lease payments are as follows:

	<i>Present value of minimum lease pay- ments 2018 £000</i>	<i>Net invest- ment 2018 £000</i>	<i>Present value of minimum lease pay- ments 2017 £000</i>	<i>Net in- vestment 2017 £000</i>
Maturity				
- within one year	87	76	86	71
- in 1 to 3 years	86	83	173	159
- in 3 to 5 years	-	-	-	-
- over 5 years	-	-	-	-
	<b>173</b>	<b>159</b>	<b>259</b>	<b>230</b>

### 18. 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 closed to future accruals and a defined contribution scheme.

The defined benefit scheme is funded by the payment of contributions to a separately administered trust fund.

The contributions to the Company's pension scheme are determined with the advice of an independent qualified actuary based on valuations carried out at least triennially. The most recent valuation was rolled forward to 31 December 2018, according to the International Accounting Standard 19 (IAS 19). The last formal funding review valuation had an effective date of 31 March 2018. The funding position showed there was a surplus at that date.

Up to 31 December 2016 the rate of contributions was 24.2% of relevant earnings. These contributions ceased with effect from 1 January 2017 as no further benefits are accruing. The Company also directly meets the expenses of operating the Scheme (including the Pension Protection levy and any life assurance premiums).

On 26 October 2018, the High Court ruled that pensions provided to members who had contracted-out of their scheme must be recalculated to ensure payments reflect the equalisation of normal retirement ages in the 1990s despite different payment ages continuing to apply under legislation in respect of Guaranteed Minimum Pensions. In line with industry practice the consulting actuary estimated the

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 18. PENSION ARRANGEMENTS (continued)

potential increase in obligations arising from applying this judgment to the Scheme and treated it as a Past Service Cost.

The information disclosed below is in respect of the whole of the plans for which the Company is the sponsoring employer.

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets	99,665	106,418
Present value of defined benefit obligations	(86,684)	(93,762)
Scheme asset	<u>12,981</u>	<u>12,656</u>

Changes in the present value of the defined benefit obligations are analysed as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
As at 1 January	93,762	98,201
Current service cost	-	-
Past service cost	1,014	-
Interest cost	2,317	2,538
Employee contributions to the scheme	-	-
Actuarial losses/(gains)	(7,590)	(3,590)
Distributions	(2,819)	(3,387)
As at 31 December	<u>86,684</u>	<u>93,762</u>

Changes in the fair value of plan assets are analysed as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
As at 1 January	106,418	100,688
Expected return on assets	(6,602)	6,513
Actuarial gains	2,668	2,604
Employer contributions to the scheme	-	-
Employee contributions to the scheme	-	-
Distributions	(2,819)	(3,387)
As at 31 December	<u>99,665</u>	<u>106,418</u>

The actual return on scheme assets amounted to a loss of £ 3,934,147 for the year 2018 (2017: gain of £ 9,116,746 ).

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts

Year ended 31 December 2018

### 18. PENSION ARRANGEMENTS (continued)

Analysis of the amount (credited)/charged to operating profit

	2018	2017
	£000	£000
Current service cost	-	-
Past service cost	1,014	-
Interest on defined benefit pension plan obligations	(351)	(65)
Total operating (income)/expense	663	(65)

The total amount recognised in other comprehensive income in respect of actuarial gains and losses is a gain of £988,687 (2017: gain of £10,103,301).

The fair value of the plan assets and the return on those assets were as follows:

	2018	2017
	£000	£000
Equities	40,738	45,656
Diversified Growth Fund	-	8,128
Property	10,632	10,301
Conventional Gilts	10,668	10,931
Index Linked Gilts	13,847	13,981
Corporate Bonds	14,329	15,321
Cash	9,451	2,100
Total value of assets	99,665	106,418

Principal actuarial assumptions (expressed as weighted average) at the year end were as follows:

	2018	2017
Discount rate	2,89%	2,54%
Salary increases	n/a	n/a
RPI inflation	3,10%	3,10%
CPI inflation	2,10%	2,10%
Pension increases (RPI max 5%)	3,10%	3,10%
Pension increases (RPI max 3%)	3,00%	3,00%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts Year ended 31 December 2018

### 18. PENSION ARRANGEMENTS (continued)

#### *Sensitivity analysis*

Based on the assumptions set out above, the impact on the present value of the defined benefit obligations of changing the following individual assumptions (with all other assumptions remaining unchanged) is set out below.

Value of obligation at the end of the year if:	<b>31 Dec. 2018</b>
	<b>£000</b>
Discount rate is reduced by 0.50%	94,695
Discount rate is increased by 0.50%	<u>79,653</u>

The sensitivity of the defined benefit obligations to the discount rate has been calculated utilising the projected future benefit outflows from the Scheme that relate to members' past service as at 31 December 2018. Inflation is also a key assumption for the Scheme as it impacts on deferred revaluation and pension increase assumptions. However, the sensitivity of the defined benefit obligations to the inflation assumption will be less than that for the discount rate. How long members will live for is another key assumption. Again, the impact on the defined benefit obligations of an extra one year of life expectancy (or one year less) will be less than the shown impact for changes in the discount rate.

#### *Asset matching strategies*

The Trustees of the Scheme undertake asset liability matching studies on a regular basis and consult the Company regarding any changes to the Scheme's investments strategy. The matching assets to the pension obligations are considered to be long-term fixed interest/inflation linked securities. A significant proportion of the Scheme's assets are held in such securities and it would be expected that this proportion would increase over time as the Scheme matures.

#### *Effect of the scheme on future cash flows*

The last formal funding review valuation had an effective date of 31 March 2015. The funding position showed there was a surplus at 31 March 2015. The Company made contributions in respect of new accrual; but these contributions ceased with effect from 1 January 2017 as no further benefits are accruing. The Company also directly meets the expenses of operating the Scheme (including the Pension Protection levy). The next formal funding review valuation is due with an effective date of 31 March 2018 and is currently underway.

	<b>2018</b>
Employer's best estimate of contributions to be paid over the following year	£nil
Duration of the liabilities	<u>17.5 years</u>

# LEICA MICROSYSTEMS (UK) LIMITED

## Notes to the Accounts Year ended 31 December 2018

### 18. PENSION ARRANGEMENTS (continued)

#### *Effect of the scheme on future cash flows (continued)*

	2018
	£000
Expected future benefit payments	
2019	2,664
2020	2,686
2021	2,773
2022	2,874
2023	3,002
2024 - 2028	<u>17,026</u>

#### *History of plans*

The history of plans for the current and prior periods is as follows:

#### *Balance sheet*

	2018	2017
	£000	£000
Present value of scheme liabilities	(86,684)	(93,762)
Fair value of scheme assets	<u>99,665</u>	<u>106,418</u>
Net defined benefit asset	<u>12,981</u>	<u>12,656</u>

The defined contribution scheme pension expense charged to the accounts for the year ended 31 December 2018 amounted to £451,164 (2017: £442,091). At the year-end a total of £65,280 was outstanding (2017: £63,720).

### 19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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

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

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

### 20. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption in FRS 101, 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.