

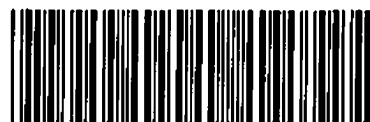
Registered No. 923986

## **Bruker UK Limited**

### **Strategic Report, Directors' Report and Financial Statements**

31 December 2019

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Registered No. 923986

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## Company information

### Directors

M C Holmes  
K Brown  
J Faessler

### Independent auditors

PricewaterhouseCoopers LLP  
One Chamberlain Square  
Birmingham  
B3 2DT

### Bankers

Deutsche Bank AG London  
6 Bishopsgate  
London  
EC2N 4DA

### Solicitors

Irwin Mitchell  
Imperial House  
31 Temple Street  
Birmingham B2 5DB

### Registered Office

Banner Lane  
Coventry  
CV4 9GH

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## Strategic Report

The directors present their Strategic Report, Directors' Report and Financial Statements for the year ended 31 December 2019.

### Principal activities and review of the business

The principal activity of the company is the distribution of scientific instruments and the manufacture of metrology equipment subsequent to the acquisition of trade and assets and hive up of Bruker JV UK Ltd. A majority of customers purchase their scientific instruments by obtaining external grants or bursaries to fund the purchase.

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

	2019 £000	2018 £000	Change %
Turnover	39,256	43,084	(9%)
Operating profit	433	2,131	(80%)
Profit for the financial year	358	1,742	(81%)
Total equity	3,124	2,766	13%
Current assets as a % of current liabilities	105%	160%	(34%)
Average number of employees	145	127	14%

Turnover decreased by 9% during the year, primarily due to the drop in available funding for customers in the first half of the year. However, notwithstanding the impact of COVID-19, the company has a strong order book for 2020.

Operating profit has decreased by 80% due to a decrease in turnover and an increase in general administration costs. This administration cost increase is due to higher transfer pricing adjustments along with higher salary costs resulting from the increased number of employees.

Profit for the financial year has therefore decreased by 81% due to the above factors.

Total equity has increased by 13% due to the profit for the financial year.

Current assets as a % of current liabilities has decreased by 34%, due largely to an increase in short-term creditors arising from a higher proportion of accruals and deferred income being short-term and the intercompany funding for the Bruker JV UK Ltd. acquisition which had an original maturity date of 26 August 2020.

#### *Acquisition and hive up of Bruker JV UK Ltd*

On 1 July 2019, Bruker UK Ltd completed on the purchase of 100% of the issued and called up share capital of Bruker JV UK Ltd from Bruker JV Israel Ltd for a consideration of £4,615,740. On the same date the company purchased the trade and assets of Bruker JV UK Ltd and these were hived-up at book value of £1,324,186 with goodwill of £3,291,554. See note 22 for further details.

#### *Acquisition of trade and assets of Hain Lifescience UK Limited*

After the year-end, on 9 July 2020 the company acquired the trade and assets of Hain Lifescience UK Limited, a molecular diagnostics company and fellow group undertaking, for a cash consideration of £720,000.

### Principal and financial risks and uncertainties

The management of the business is subject to a number of risks including competitive risk, price risk, credit risk and currency risk. The mitigation of these risks has been outlined below.

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## Strategic Report (continued)

### Principal and financial risks and uncertainties (continued)

#### *Competitive risk*

The markets for our products and service are very competitive and price sensitive. Our competitors have significant financial, operational, sales and marketing resources as well as experience in research and development. Our competitors could develop new technologies that better compete with our products and services or even render our products and services obsolete. If a competitor develops superior technology or cost-effective alternatives to our products and services, our business could be seriously harmed.

Therefore, Bruker, as a global entity, does invest a significant amount on research and development so that we can keep developing new technologies.

The markets for some of our products are subject to specific competitive risk. These markets are highly price competitive. Our competitors have competed in the past by lowering prices on certain products. If they do so again, we may be forced to lower our prices and thereby reducing our net profit. Failure to anticipate and respond to price competition may hurt our competitive position. Therefore, we do monitor market dynamics to ensure we can anticipate any changes to the market's mood.

The vast proportion of our client base consists of public bodies and the public sector. Any severe public sector moratorium, or public sector spending cut would be detrimental to our revenue figures and profits as would the availability of these bodies for the purchase of our equipment. Therefore, we focus on customers and use feedback mechanisms thereby ensuring consumer's needs are satisfied.

#### *Financial risk management*

The company's operations expose it to a variety of financial risks that include the effect of changes in price risk, credit risk and currency risk.

In order to ensure the stability of cash flows, the company is supported by, and supports, fellow group operations. The company does not use derivative financial instruments to manage costs and no hedge accounting is applied. Also, the company did not use forward exchange contracts relating to foreign currency transactions as the company purchases the majority of goods from fellow group companies. All sales and purchases are carried in the currency agreed in each order, though this is predominately in GBP, so exchange risk is with and held by the other group companies. Therefore, little foreign currency risk is incurred by the company.

Our financial risk management objectives are to ensure sufficient working capital for the company. This is achieved by careful management of our cash balances to ensure that the company continues to be able to meet its liabilities as they fall due.

There is no other exposure of the company relating to price result, credit risk, liquidity risk, and cash flow risk which is material for the assessment of the assets, liabilities, financial position and profit for the company.

#### *Impact of COVID-19*

In 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time has spread across China and to a significant number of other countries including the UK. The company considers the emergence and spread of COVID-19 to be a non-adjusting post-balance sheet event.

COVID-19 has caused disruption to business and economic activity, although turnover in 2020 year to date is currently ahead of the same period in 2019. The position on COVID-19 is being monitored closely and Bruker Corporation Inc., have provided regular updates to the market.

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## Strategic Report (continued)

### Promoting the success of the company and section 172(1) statement of the Companies Act 2006 (section 172)

The directors' overarching duty is to promote the success of the company for the benefit of its shareholders, with consideration of stakeholders' interests, as set out in section 172. The board regards a well governed business as essential for the successful delivery of its principal activity.

The directors are aware of their duty under section 172 to act in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

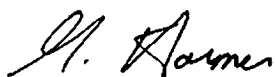
- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees;
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct;
- and
- f) the need to act fairly as between members of the company.

The company is the primary UK subsidiary of Bruker Corporation Inc., a company quoted on the NASDAQ Stock Market in the US. The Bruker Corporation is a global manufacturer of high-end analytical instruments used within the academic and government, pharmaceutical/biotechnology, clinical diagnostic and industrial markets.

The group has four operating segments being Bruker Bio Spin Group, Bruker CALID Group, Bruker Scientific Instruments Nano Segment and Bruker Energy & Supercon Technologies. The company operates in the first three of these segments. The board of Bruker Corporation Inc. manages the group's operations on a global and divisional basis. From the perspective of the board, as a result of the group governance structure, the matters that it is responsible for considering under section 172 have largely been considered to an appropriate extent by the group board in relation both to the group and to this entity. The board has also considered relevant matters where appropriate.

To the extent necessary for an understanding of the development, performance and position of the entity, the company's directors believe that the requirements of section 172 (1) (a) – (f) are discussed in detail in the Bruker Corporation Inc.'s 2019 Annual Report known, otherwise known as the Form 10-K filing on pages 3 to 36 which does not form part of this report.

This report was approved by the board on 3 December 2020 and signed on its behalf by:



M C Holmes

Director

Date: 3 December 2020

Registered No. 923986

## Directors' Report

The directors present their report and audited financial statements for the year ended 31 December 2019.

### Principal activities

The principal activity of the company is the distribution of scientific instruments and the manufacture of metrology equipment subsequent to the acquisition of trade and assets and hive up of Bruker JV UK Ltd. The company is organised into three businesses areas comprised of Bruker Biospin Group (BBIO), Bruker Calid (CALID) and Bruker Nano Group (NANO). Through these business groups Bruker distributes custom scientific instruments and metrology equipment to Academia, Public sector and Private businesses, providing knowledgeable people who partner customers to achieve their goals by providing and maintaining their scientific instrumentation.

### Future developments

The principal activities of the company are expected to continue for the foreseeable future. After the year-end, on 9 July 2020 the company acquired the trade and assets of Hain Lifescience UK Limited, a molecular diagnostics company and fellow group undertaking, for a cash consideration of £720,000.

### Results and dividends

The profit for the financial year amounted to £357,824 (2018 – profit of £1,741,821). No dividend was paid out during 2019 and following this, and the directors do not recommend a final dividend (2018 – £1,750,000).

### Going concern

The company meets its day-to-day working capital requirements through its cash reserves. The current economic conditions continue to create uncertainty, particularly over the level of demand for the company's products. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves.

The position on COVID-19 is being monitored closely and Bruker Corporation Inc., have provided regular updates to the market. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

### Research and development

Based in our Glasgow and Durham offices, the company is still able, and will continue, to maintain a research and development programme in the United Kingdom to identify and bring new microbiology consumable products to the marketplace. See note 6 for details of the research and development expenditure.

### Financial risk management

Disclosures relating to this area are included in the Strategic Report.

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## **Directors' Report (continued)**

### **Stakeholder engagement**

#### **Employees**

From the perspective of the board, as a result of the group governance structure, the group board has taken the lead in carrying out the duties of a board in respect of the company's employees, including engaging with them, having regard to their interests and the effect of that regard (including on the principal decisions taken by the company during the financial year). The board of the company has also considered relevant matters where appropriate.

An explanation of how the group board has carried out these responsibilities (for the group and for the entity) is set out in Bruker Corporation Inc.'s 2019 Annual Report on pages 3 to 36, which does not form part of this report.

#### **Other stakeholders**

Similarly, from the perspective of the board, as a result of the group governance structure, the group board has taken the lead in carrying out the duties of a board in respect of the company's other stakeholders. The board of the company has also considered relevant matters where appropriate. An explanation of how the directors on the group board have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year, is set out (for the group and for the entity) in Bruker Corporations Inc.'s 2019 Annual Report on pages 3 to 36, which does not form part of this report.

The company engages with stakeholder groups (customers, suppliers and partners, shareholders and investors, employees and society) in a variety of formal and informal settings. These range from meetings with local, regional, national and international groups to ongoing dialogues with our customers and consumers.

The board believes in the importance of conducting business responsibly. That means behaving ethically, respecting people and respecting the environment.

The company aims to maintain high standard of business conduct and stakeholder engagement and to ensure a positive impact on the community and environment in which it operates.

#### **Directors**

The directors who served the company during the year and up to the date of signing the financial statements unless otherwise stated were:

M C Holmes

G Herman (resigned 19 April 2019)

J Carr (resigned 19 April 2019)

K Brown (appointed 19 April 2019)

J Faessler (appointed 19 April 2019)



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## Directors' Report (continued)

### Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, Directors' Report and Financial Statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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.

The directors 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.

### Disclosure of information to the auditors

In the case of each director in office at the date the Directors' Report is approved:

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

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

On behalf of the Board:



M C Holmes

Director

Date: 3 December 2020

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## **Independent auditors' report to the members of Bruker UK Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Bruker UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the profit and loss account for the year ended 31 December 2019, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information 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, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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## **Independent auditors' report to the members of Bruker UK Limited (continued)**

### **Reporting on other information (continued)**

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### ***Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

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## **Independent auditors' report to the members of Bruker UK Limited (continued)**

### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Simon Evans (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
3 December 2020

## Profit and loss account

For the year ended 31 December 2019

	Note	2019 £	2018 £
<b>Turnover</b>	5	39,255,565	43,083,943
Cost of sales		<u>(17,902,010)</u>	<u>(24,550,993)</u>
<b>Gross profit</b>		21,353,555	18,532,950
Administrative expenses		<u>(20,920,084)</u>	<u>(16,402,250)</u>
<b>Operating profit</b>	6	433,471	2,130,700
Interest receivable and similar income	9	<u>24,902</u>	<u>97</u>
<b>Profit before taxation</b>		458,373	2,130,797
Tax on profit	10	<u>(100,549)</u>	<u>(388,976)</u>
<b>Profit for the financial year and total comprehensive income</b>		<u>357,824</u>	<u>1,741,821</u>

The company has no other comprehensive income for the financial years other than those included above. Accordingly, no separate statement of comprehensive income is presented.

The notes on pages 15 to 27 form an integral part of these financial statements

## Statement of financial position

As at 31 December 2019

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	11	3,126,977	11,353
Property, plant and equipment	12	1,625,942	1,667,580
Investments	13	1,324,185	-
		<u>6,077,104</u>	<u>1,678,933</u>
<b>Current assets</b>			
Inventories	14	3,746,461	1,109,498
Debtors	15	10,749,599	8,870,982
Investments	16	5,000,000	-
Cash at bank and in hand		<u>1,862,900</u>	<u>10,347,976</u>
		<u>21,358,960</u>	<u>20,328,456</u>
Creditors: amounts falling due within one year	17	<u>(20,258,621)</u>	<u>(12,711,385)</u>
<b>Net current (liabilities) / assets</b>		<u>1,100,339</u>	<u>7,617,071</u>
Total assets less current liabilities		7,177,443	9,296,004
Creditors: amounts falling due after more than one year	17	<u>(3,864,128)</u>	<u>(6,517,157)</u>
Provision for liabilities	18	<u>(189,489)</u>	<u>(12,845)</u>
<b>Net assets</b>		<u>3,123,826</u>	<u>2,766,002</u>
<b>Capital and reserves</b>			
Called up share capital	19	1,000,000	1,000,000
Retained earnings		<u>2,123,826</u>	<u>1,766,002</u>
<b>Total equity</b>		<u>3,123,826</u>	<u>2,766,002</u>

The financial statements on pages 12 to 27 of Bruker UK Limited were authorised for issue by the board and signed on their behalf by:



MC Holmes

Director

Date: 3 December 2020

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The notes on pages 15 to 27 form an integral part of these financial statements

## Statement of changes in equity

For the year ended 31 December 2019

	<i>Called up share capital</i> £	<i>Retained earnings</i> £	<i>Total equity</i> £
At 1 January 2018	1,000,000	1,774,181	2,774,181
Profit for the financial year and total comprehensive income	-	1,741,821	1,741,821
Dividends and total transactions with owners, recognised directly in equity	-	(1,750,000)	(1,750,000)
At 31 December 2018	1,000,000	1,766,002	2,766,002
Profit for the financial year and total comprehensive income	-	357,824	357,824
Dividends and total transactions with owners, recognised directly in equity	-	-	-
At 31 December 2019	1,000,000	2,123,826	3,123,826

The notes on pages 15 to 27 form an integral part of these financial statements

## Notes to the financial statements

For the year ended 31 December 2019

### 1. General Information

The company is a private company limited by shares and is incorporated in England. The address of its registered office is Banner Lane, Coventry, CV4 9GH.

The principal activity of the company is the manufacture and distribution of scientific instruments and metrology equipment.

### 2. Compliance with Accounting Standards

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

### 3. Accounting policies

#### *Basis of preparation*

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

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.

The financial statements are prepared under the historical cost convention. The presentation currency is £ sterling.

#### *Group financial statements*

The company has taken advantage of the exemption from preparing group financial statements afforded by section 401 of the Companies Act 2006 because it is a wholly owned subsidiary of Bruker Corporation Inc. which prepares group financial statements and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows. The group financial statements are publicly available (see note 24).

#### *Exemptions for qualifying entities under FRS 102*

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the exemption from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its ultimate parent, Bruker Corporation, publishes group financial statements.

#### *Tangible assets*

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	–	5%	per annum
Plant and equipment and leasehold improvements	–	10 - 50%	per annum
Motor vehicles	–	25%	per annum
Computer equipment	–	33%	per annum



## Notes to the financial statements

For the year ended 31 December 2019

### 3 Accounting policies (continued)

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

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in profit and loss account.

#### *Intangible assets and amortisation*

Assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided to write off the cost less the estimated residual value of intangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Technology intellectual property	–	20% per annum
Goodwill	-	10% per annum

A 5-year life has been selected for intellectual property, even though the legal rights extend beyond this, as management believe this reflects the commercial life of the products to which they relate.

When assets are acquired, they are disaggregated into their separately identifiable components parts and the fair value of each separately identifiable component part is assessed and accounted for separately.

Goodwill is amortised over a 10-year period and is covered in more detail below.

#### *In Process research and development*

This will be amortised over its expected useful economic life from the period of product launch.

#### *Financial assets*

The carrying values of investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable.

#### *Revenue recognition*

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, VAT and other sales taxes or duty. The company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities, as described below.

Sales of goods – revenue from the sales of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on delivery or on signed customer acceptance.

Service income – revenue from service contracts is recognised over the period of the service contract in accordance with work done.

Any amounts relating to future periods is held in deferred income in the statement of financial position and released to the statement of comprehensive income over the term of the agreement

#### *Inventories*

Inventories are valued at the lower of cost and estimated selling price less costs to sell. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture.

Provision is made for obsolete and slow-moving items. Demonstration stock is held for resale and is amortised over its useful life.

Cost for any Bruker JV UK Ltd inventory was calculated using the first-in first-out method and included the normal cost of transporting stock to its present location and condition. Cost included material and direct labour costs together with an appropriate proportion of production overheads.

## Notes to the financial statements

For the year ended 31 December 2019

### 3 Accounting policies (continued)

#### *Foreign currencies*

The company's functional and presentation currency is the pound sterling. Transactions in foreign currencies are recorded at the spot rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities are not retranslated.

All exchange differences are taken to the profit and loss account.

#### *Operating leases*

Arrangements which transfer substantially all the risks and rewards of ownership of an asset to the company are classified as finance leases. All other arrangements are classified as operating leases. Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

#### *Cash & cash equivalent*

Cash and cash equivalents include any cash in hand and deposits held at call with banks.

#### *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 taxation 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 period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established, 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 statement. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing difference at the reporting date except for certain exceptions. 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 period end and that they are expected to apply to the reversal of the timing difference.

#### *Provisions*

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle an obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

## Notes to the financial statements

For the year ended 31 December 2019

### 3 Accounting policies (continued)

#### *Contingencies*

Contingent liabilities are recognised as a provision when the likelihood of economic outflow is assessed as probable. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are not recognised as a provision but are instead disclosed in the financial statements when the likelihood of economic settlement is deemed possible and not probable. Contingent liabilities are not recognised as a disclosure when the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

#### *Related party transactions*

The company discloses transactions with related parties which are not wholly owned with the same group. The company is exempt from related party transactions disclosure with its parent or with members of the same group that are wholly owned.

#### *Employee benefits*

The company provides a range of benefits to employees, including quarterly or annual bonus arrangements, paid holiday arrangements and contribution pension plans.

##### *I. Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received

##### *II. Defined pension contribution plans*

The company operates a defined contribution scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

##### *III. Annual bonus plan*

The company operates a number of annual plans for some employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of obligation can be made

#### *Share Capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### *Research and development*

Expenditure on research and development is written off against profits in the year in which it is incurred.

#### *Warranty Costs*

Where there is an obligation, the company makes a provision for warranty costs on goods sold. An average warranty cost is calculated for each product type based on the history of warranty costs within the group. This cost is held in the statement of financial position and released over the life of the warranty

#### *Administrative expenses*

Administrative expenses are recognised in the profit and loss account as incurred and in the period to which they relate. Included within administrative expenses is an adjustment to the price of products purchased from group companies after all costs (transfer pricing charge) of £8,043,035 (2018: £4,475,473). Transfer pricing adjustments are calculated based on the group's transfer pricing policy, under which the company targets for its operating profit margin to fall within a benchmarked range.

## Notes to the financial statements

For the year ended 31 December 2019

### 3 Accounting policies (continued)

#### *Business combinations and goodwill*

Business combinations are accounted for by applying the purchase method.

On acquisition of a business, fair values are attributed to the identified assets, liabilities and contingent liabilities unless the fair value cannot be measured directly, in which case the value is incorporated in goodwill.

Goodwill arising on the acquisition of trade from subsidiary undertakings, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight-line basis over its expected useful life of 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

#### *Investments in subsidiary undertakings*

Investments are held as fixed assets and stated at cost less accumulated impairment losses.

Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are calculated such that the carrying value of the fixed asset investment is the lower of its cost or recoverable amount. Recoverable amount is the higher of its net realisable value and its value in use.

### 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.

#### *Critical accounting estimates and assumptions*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### *Carrying value of intangible assets and investments (estimate and judgment)*

The directors are required to consider whether the carrying value of intangible assets (including goodwill) and investments are impaired. Where an indication of impairment is identified the estimation of recoverable amount requires estimation of the recoverable value of the cash generating units. This requires estimation of the future cash flows from the cash generating units and selection of appropriate discount rates in order to calculate the net present value of the cash flows.

#### *Determining the useful economic lives of intangible assets and fixed assets*

The annual depreciation charge for tangible assets or amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition in the case of tangible assets.

#### *Inventory provision*

The inventory provision is an estimate that is regularly reviewed to ensure that it is appropriate to reduce the value of stocks to the lower of cost and net realisable value with provisions made on an appropriate ageing basis. See note 14 for further detail.

## Notes to the financial statements

For the year ended 31 December 2019

### 5 Turnover

Turnover represents goods sold and services provided, net of value added tax, in respect of contracts accepted by customers. Amounts invoiced on account of contracts that are not accepted are included in deferred income. The company operates primarily within three geographical markets: The United Kingdom, Europe and Rest of the World.

Turnover is analysed as follows:

	2019 £	2018 £
Sale of Goods	25,801,993	30,003,905
Rendering of Services	13,453,572	13,080,038
	<u>39,255,565</u>	<u>43,083,943</u>

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	34,823,840	40,849,824
Europe	2,627,535	1,813,755
Rest of the World	1,804,190	420,364
	<u>39,255,565</u>	<u>43,083,943</u>

### 6 Operating profit

Operating profit is stated after charging / crediting):

	2019 £	2018 £
Audit fees payable to the company's auditors	121,120	93,840
Other services payable to the company's auditors	7,440	16,647
Depreciation of owned tangible assets (note 12)	154,413	261,011
Loss on disposal of tangible assets	-	54,233
Amortisation of intangible assets (note 11)	164,578	407,790
Impairment of intangible assets (note 11)	11,353	-
Operating lease rentals – plant and machinery	633,401	464,629
Partial release of deferred consideration	-	(1,094,746)
Research and development expenditure	815,413	803,428
Inventory recognised as an expense	17,203,483	24,550,993
Impairment of trade debtors	25,657	-
Net (gain) / loss on foreign currency translation	<u>(58,203)</u>	<u>52,265</u>

## Notes to the financial statements

For the year ended 31 December 2019

### 7 Directors' remuneration

	2019 £	2018 £
Remuneration	88,739	95,603
Company contributions paid to money purchase pension schemes	9,575	10,156
	<i>No.</i>	<i>No.</i>
Members of defined contribution pension schemes	1	1
Number of directors who exercised share options	-	-

Only one of the directors received remuneration from the company during the year; the other directors are remunerated by Bruker Physik GmbH and Bruker Corporation Inc. The directors consider that the level of their services as directors of this company as a part of their wider group management roles and therefore no amount is allocated for their services as directors of the company nor is any amount charged or rechargeable for the services of these directors to the company.

### 8 Staff costs

	2019 £	2018 £
Wages and salaries	7,209,371	6,335,387
Social security costs	934,890	831,246
Other pension costs (note 19)	956,978	925,705
	<u>9,101,239</u>	<u>8,092,338</u>

The average monthly number of employees during the year was made up as follows:

	2019 <i>No.</i>	2018 <i>No.</i>
Directors	3	3
Administration, manufacturing, service and selling	142	124
	<u>145</u>	<u>127</u>

### 9 Interest receivable and similar income

	2019 £	2018 £
Bank interest receivable	<u>24,902</u>	<u>97</u>

## Notes to the financial statements

for the year ended 31 December 2019

### 10 Tax on profit

#### a. Tax on profit

The tax on profit is made up as follows:

	2019 £	2018 £
<b>Current tax:</b>		
UK corporation tax on the profit for the year	69,172	395,545
Adjustments in respect of prior years	38,782	4,676
Total current tax	107,954	400,221
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(7,405)	(11,245)
Total deferred tax (note 10(c))	(7,405)	(11,245)
 Tax on profit	 100,549	 388,976

#### b. Factors affecting the tax profit for the year

The tax assessed for the year differs from (2018: differs from) the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	2019 £	2018 £
Profit before taxation	458,373	2,130,797
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	87,091	404,851
<b>Effects of:</b>		
Fixed asset differences	10,202	13,576
Research and development reclaim	(44,406)	(42,677)
Expense not deductible for tax purposes	8,879	8,550
Adjustments in respect of prior years	38,783	4,676
Tax on profit	100,549	388,976

## Notes to the financial statements

For the year ended 31 December 2019

### 10. Tax on profit (continued)

#### c. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2019 £	2018 £
Accelerated capital allowances	(5,440)	(12,845)
Deferred tax asset / (liability)	<u>(5,440)</u>	<u>(12,845)</u>

Movement in the year:	£
At 1 January 2019	(12,845)
Deferred tax credited in profit and loss account (note 10(a))	7,405
At 31 December 2019	<u>(5,440)</u>

#### d. Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, is not material.

### 11 Intangible assets

	Technology intellectual property £	In process research and development £	Goodwill £	Total £
<i>Cost:</i>				
Balance at 1 January 2019	2,038,950	479,908	-	2,518,858
Acquired through business combination	-	-	3,291,554	3,291,554
At 31 December 2019	<u>2,038,950</u>	<u>479,908</u>	<u>3,291,554</u>	<u>5,810,412</u>
<i>Accumulated amortisation</i>				
Balance at 1 January 2019	2,027,597	479,908	-	2,507,505
Amortisation	-	-	164,577	164,577
Impairment loss	11,353	-	-	11,353
At 31 December 2019	<u>2,038,950</u>	<u>479,908</u>	<u>164,577</u>	<u>2,683,435</u>
<i>Net book amount:</i>				
At 31 December 2019	<u>-</u>	<u>-</u>	<u>3,126,977</u>	<u>3,126,977</u>
At 31 December 2018	<u>11,353</u>	<u>-</u>	<u>-</u>	<u>11,353</u>

See note 22 for details of goodwill on business combination in the year.



## Notes to the financial statements

For the year ended 31 December 2019

### 12 Property, plant and equipment

	<i>Freehold land and buildings</i>	<i>Plant and equipment and leasehold improvements</i>	<i>Motor vehicles</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£	£
<i>Cost:</i>					
At 1 January 2019	4,018,142	1,061,923	33,245	605,755	5,719,065
Additions	-	21,628	-	15,648	37,276
Acquired from subsidiary undertaking (note 22)	-	539,622	-	108,317	647,939
Disposals	(1)	-	-	(11,613)	(11,614)
At 31 December 2019	4,018,141	1,623,173	33,245	718,107	6,392,666
<i>Accumulated depreciation:</i>					
At 1 January 2019	2,611,367	856,518	33,245	550,355	4,051,485
Acquired from subsidiary undertaking (note 22)	-	498,022	-	73,901	571,923
Charge for the year	42,199	84,745	-	27,469	154,413
Disposals	-	-	-	(11,097)	(11,097)
At 31 December 2019	2,653,566	1,439,285	33,245	640,628	4,766,724
<i>Net book amount:</i>					
At 31 December 2019	1,364,575	183,888	-	77,479	1,625,942
At 31 December 2018	1,406,775	205,405	-	55,400	1,667,580

Included within freehold land and buildings is land at a cost of £873,125 (2018 – £873,125) which is not depreciated.

### 13 Investments

	<i>Subsidiary undertakings</i>	<i>Total</i>
	£	£
<i>Cost:</i>		
Balance at 1 January 2019	160,000	160,000
Acquired through business combination	4,615,739	4,615,739
Transfer to purchased goodwill	(3,291,554)	(3,291,554)
At 31 December 2019	1,484,185	1,484,185
<i>Accumulated provision:</i>		
Balance at 1 January 2019	160,000	160,000
At 31 December 2019	160,000	160,000
<i>Net book amount:</i>		
At 31 December 2019	1,324,185	1,324,185
At 31 December 2018	-	-

See note 22 for details of goodwill on business combination in the year.

## Notes to the financial statements

For the year ended 31 December 2019

### 13 Investments (continued)

The fixed asset investments at 31 December 2019 represent the following 100% investments in the ordinary share capital of companies registered in England and with a registered office of Banner Lane, Coventry, CV4 9GH:

- a. Cost of £160,000 (2018: cost of £160,000) and net book amount of £nil (2018: £nil) in Bruker AXS Limited, a non-trading company.
- b. Cost of £1,324,185 (2018: £nil) and net book amount of £1,324,185 (2018: £nil) in Bruker JV UK Ltd., a non-trading company following the hive-up of its trade and assets on 1 July 2019.

### 14 Inventories

	2019	2018
	£	£
Raw materials	648,274	-
Work in progress	1,550,033	-
Demonstration stocks	186,788	183,460
Finished goods	<u>1,361,366</u>	<u>926,038</u>
	<u>3,746,461</u>	<u>1,109,498</u>

The difference between purchase price of stocks and their replacement cost is not material. Inventories are stated after provisions of £1,257,873 (2018: £1,618,574).

### 15 Debtors

	2019	2018
	£	£
<i>Amounts falling due within one year:</i>		
Trade debtors	9,328,481	7,650,632
Amounts owed by group undertakings	1,028,244	788,925
Prepayments and accrued income	<u>392,874</u>	<u>431,425</u>
	<u>10,749,599</u>	<u>8,870,982</u>

Trade debtors are stated after provision for impairment of £nil (2018: £nil).

Amounts owed by group undertakings include a loan of £643,228 (2018: £718,228) that is unsecured, interest free and has no fixed date of repayment. Other amounts by group undertakings are unsecured, interest free and repayable on demand.

### 16 Current asset investments

	2019	2018
Bank deposit	<u>5,000,000</u>	<u>-</u>
	<u>5,000,000</u>	<u>-</u>

The bank deposit has an original maturity of 12 months and matured on 5 May 2020 for £5,066,682 including accrued interest.

## Notes to the financial statements

For the year ended 31 December 2019

### 17 Creditors

*Amounts falling due within one year:*

	2019	2018
	£	£
Trade creditors	586,315	497,040
Amounts owed to group undertakings	8,292,259	1,893,852
Corporation tax payable	662,710	157,106
Other taxation and social security	480,274	747,268
Accruals and deferred income	10,237,063	9,416,119
	<u>20,258,621</u>	<u>12,711,385</u>

Accruals and deferred income include payments in advance of £5,088,368 (2018: £2,460,305) and deferred service revenue of £4,738,136 (2018: £5,382,121).

	2019	2018
	£	£
<i>Amounts falling due after more than one year:</i>		
Accruals and deferred income	3,864,128	6,517,157
	<u>3,864,128</u>	<u>6,517,157</u>

Accruals and deferred income include payments in advance of £1,998,615 (2018: £4,001,963) and deferred service revenue of £1,834,829 (2018: £2,468,708).

Amounts owed to group undertakings include an interest-bearing loan of £4,137,226 (2018: £nil) to finance the acquisition of Bruker JV UK Ltd. This loan is unsecured and has a maturity date of 26 August 2020 and bears interest at 3.12%. All other amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand and include a balance of £1,324,186 (2018: £nil) payable to Bruker JV UK Ltd for the net assets acquired through the hive-up.

### 18 Provisions for liabilities

	Deferred tax	Warranty provision	Total
	£	£	£
At 1 January 2019	(12,845)	-	(12,845)
Credited / (acquired) during the year	7,405	(184,049)	(176,644)
At 31 December 2019	(5,440)	(184,049)	(189,489)

### 19 Called up share capital

	No.	2019	No.	2018
		£		£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1,000,000	<u>1,000,000</u>	1,000,000	<u>1,000,000</u>

### 20 Pensions

The company operates a defined contribution pension scheme whose assets are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company and amounted to £956,978 (2018 – £925,705). There were no unpaid contributions outstanding at the year-end.

## Notes to the financial statements

For the year ended 31 December 2019

### 21 Other financial commitments

At 31 December the company had total commitments under non-cancellable operating leases in respect of Office buildings, employee vehicles and office equipment.

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

	2019	2018
	£	£
Within one year	504,807	466,256
In two to five years	649,269	703,219
	<u>1,154,076</u>	<u>1,169,475</u>

### 22 Acquisition of trade and assets of Bruker JV UK Limited

On 1 July 2019, Bruker UK Ltd completed on the purchase of 100% of the issued and called up share capital of Bruker JV UK Ltd from Bruker JV Israel Ltd for a consideration of £4,615,740. The acquisition consideration was paid in cash and funded through an interest-bearing loan of £4,137,226 (see note 17).

On the same date the company purchased the trade and assets of Bruker JV UK Ltd and these were hived-up at book value of £1,324,186 and goodwill of £3,291,554. The book value of assets acquired included £76,016 of property, plant and equipment (see note 12) and net current assets of £1,248,170. The consideration of £1,324,186 is through intercompany and include a balance of £1,324,186 payable to Bruker JV UK Ltd for the net assets acquired through the hive-up (see note 17).

### 23 Post balance sheet events

In 2020, the existence of a new coronavirus, now known as COVID-19, was confirmed and since this time has spread across China and to a significant number of other countries including the UK. The company considers the emergence and spread of COVID-19 to be a non-adjusting post-balance sheet event. COVID-19 has caused disruption to business and economic activity, although turnover in 2020 year to date is currently ahead of the same period in 2019. The position on COVID-19 is being monitored closely and Bruker Corporation Inc., have provided regular updates to the market.

On 9 July 2020 the company acquired the trade and assets of Hain Lifescience UK Limited, a molecular diagnostics company and fellow group undertaking, for a cash consideration of £720,000.

### 24 Ultimate parent undertaking and controlling party

The company's immediate parent is Bruker Invest AG Inc, a company incorporated in Switzerland.

Within the meaning of the Companies Act 2006, the company regards Bruker Corporation Inc, a company incorporated in the United States, as its ultimate parent undertaking and controlling party, it is the smallest and largest group of which the company is a member and for which group financial statements are prepared. A copy of the group financial statement is available from 15 Fortune Drive, Billerica, MA01821, USA.