Company Registration No. 03625145

ILLUMINA CAMBRIDGE LIMITED

Annual Report and Financial Statements

29 December 2019

ILLUMINA CAMBRIDGE LIMITED

Registered No: 03625145

REPORT AND FINANCIAL STATEMENTS

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REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P Dowdy
R Edwards
M Robinson

SECRETARY

C Dadswell

REGISTERED OFFICE

Illumina Centre
19 Granta Park
Great Abington
Cambridge
Cambridgeshire
CB21 6DF

BANKERS

Bank of America
5 Canada Square
London
E14 5AQ

AUDITOR

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

STRATEGIC REPORT

The directors present their strategic report for the period ended 29 December 2019.

PRINCIPAL ACTIVITY

The principal activities of the company during the period were:

- The development and commercialisation of novel techniques for the analysis of DNA, as one of the principal Research and Development centres for the worldwide Illumina, Inc. group ("the Illumina group"); and

- The manufacture and sale of the group's instruments and consumables for the large-scale analysis of genetic variation to customers and other group customers.

The Intellectual Property generated through this R&D activity underpins the market leading position of Illumina group's sequencing instruments. Accordingly, the company is entitled to a royalty for the use of its intellectual property.

The company manufactures and sells Illumina, Inc. instruments and consumables for the large-scale analysis of genetic variation to customers in the UK and to other group entities. The company also achieves revenue through the sale of separable warranty contracts and other servicing related activity of those instruments sold to customers in the UK.

The Illumina group has developed a comprehensive line of products that address the scale of experimentation and the breadth of functional analysis required to advance disease research, drug development and the development of molecular tests.

The Illumina group's broad portfolio of leading-edge sequencing and array-based solutions address a range of genomic complexity and throughputs, enabling researchers to select the best solution for the scientific challenge. The Illumina group's products and services are used by a broad range of academic, government, pharmaceutical, biotechnology, and other leading institutions around the globe.

REVIEW OF BUSINESS

The company's financial performance is assessed primarily by royalty income, third party and intra-group product sales, expenditure on research and development and headcount.

	Period ended 29 December 2019 $'000	Period ended 30 December 2018 $'000	Change %
Royalty revenue	338,000	264,129	28
Third party sales	142,383	191,600	(26)
Intra-group sales	2,124,044	2,009,052	6
Research & development expenditure (net of R&D credit)	586,393	486,763	20
Profit for the period	848,871	915,978	(7)
	Number	**Number**	**Change**
Average headcount	599	524	75

Royalty income has increased in the year due to a rate of 25.20% being applied for the whole of 2019. In 2018, a rate of 12% was applied for the first quarter with the rate then increasing to 26.40% for the remainder of the year resulting in an average rate of 22.80%. In addition to this, royalty revenue includes license revenue received from collaboration agreements with Roche Molecular Systems Inc. and QIAGEN GmbH.

Third party sales decreased by 26% and intragroup sales increased by 6% in 2019. The main contributor to the decrease in third-party sales is a reduction in sequencing services offset by an increase in NovaSeq.

STRATEGIC REPORT (continued)

REVIEW OF BUSINESS (continued)

The sequencing services represent 14% of total third-party sales in 2019 (30% in 2018), the decrease is mainly driven by 100,000 Genome Project that was completed in December 2018. The sales of the NovaSeq family represent 36% of total third-party sales in 2019 (17% in 2018); the increase was expected following the transition of HiSeq customers to NovaSeq. HiSeq instruments are no longer available for sale, but instruments and reagents will be supported until 31 March 2024.

The intra-group sales increase is mainly driven by sequencing consumables.

Research and development expenditure (net of R&D tax credit) has increased by 20% in the period due to the amendment of the Technology License Agreement that the company maintained with Illumina Singapore LTD. In 2020, the company continues to invest in research and development and the directors regard investment in this area as a prerequisite for continued success in the medium to long-term future.

The directors are satisfied with the results for the period and are confident that future developments will generate satisfactory results and that future growth is expected in the business, due to innovative technologies and continued new product releases. The majority of revenue is from intra-group sales, and there has continued to be significant growth in the sale of Illumina group sequencing products in all regions of the world.

The increase in performance and expenditure in research and development is supported by the growth in headcount in that area which has increased by 20 in the year.

PRINCIPLE RISKS AND UNCERTAINTIES

The directors consider that the following are the principal risks and uncertainties which the company faces:

Credit risks

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in note 14 to the financial statements. Customer credit limits and outstanding balances are reviewed regularly.

Competitive risks

The company operates in a competitive environment and other companies may market products more successfully. However, there has been continued investment in the company's marketing and sales teams so that the company is able to maintain market position with the competition.

Product development risks

The company's products may have reduced life cycles because of the development of competitive technologies / products. The company's continued success relies on the development of new products. The company aims to produce solutions that are innovative and to continue to launch successful new products in the future and continues to invest heavily in research and development in order to do this.

Employment risk

The company's technology is diverse but specialised, and the company's success will depend on its ability to attract and retain staff with the relevant experience in a discipline. Stock options and RSU awards vesting over several years aim to minimise this retention risk.

STRATEGIC REPORT (continued)

PRINCIPLE RISKS AND UNCERTAINTIES (continued)

Foreign exchange risk

The directors acknowledge that there exists a foreign exchange risk at a local entity level. Foreign exchange risk for the Illumina, Inc. group is managed by Illumina, Inc.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company does not currently use financial derivatives to hedge this risk.

Liquidity risk

To maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company maintains cash balances.

COVID-19 risk

The COVID-19 pandemic caused by the SARS-CoV-2 virus and international efforts to control its spread have significantly curtailed the movement of people, goods and services worldwide, including in the regions in which we sell our products and services and conduct our business operations.

The magnitude and duration of the resulting decline in business activity cannot currently be estimated with any degree of certainty and may (1) negatively impact the demand for our products and services, (2) restrict our sales operations, marketing efforts, and customer field support, (3) impede the shipping and delivery of our products to customers (4) disrupt our supply chain, and (5) limit our ability to conduct research and product development and other important business activities. For example, in response to the COVID-19 pandemic, certain industry and customer events have been cancelled, postponed or moved to virtual-only experiences, and we may further alter, postpone or cancel additional customer, employee or industry events in the future; we are requiring most of our employees to work remotely; and we may incur increased costs and experience delays in sales, purchases, deliveries and other business activities associated with the invocation by customers, suppliers, service providers, and other business partners of contractual provisions they may claim are triggered by the COVID-19 pandemic.

It is not possible to accurately predict the impact of the pandemic on our revenue and results of operations, but it is our current expectation that our revenue for FY20 will be within 10% of the revenue for FY19.

STRATEGIC REPORT (continued)

SECTION 172(1) STATEMENT

The directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to:

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

The company engages with a wide range of stakeholders to inform decision making. Our internal engagement included all levels of the organization. Our external engagement included representatives from global, national and local interests.

Stakeholder Groups

- Customers
- Employees
- Healthcare Providers
- Suppliers
- Community partners
- Channel partners
- Distributors
- Investors
- Government and Regulators
- Industry Leaders
- Nonprofits
- CSR peer groups

As part of our ongoing stakeholder engagement, we use a variety of ways to gather feedback and gauge interests including customer surveys, employee surveys, industry trade group participation, and guidance from relevant frameworks such as the UN Global Compact and Sustainable Development Goals. In addition, we use external benchmarking such as Dow Jones Sustainability Index, CDP, Gender Equality Index, and Corporate Equality Index to identify areas of focus and opportunities. These are just a few examples of how we stay connected to our stakeholders.

One of the most critical ways we continuously listen to our employees is through our employee surveys. With very strong survey participation from our dedicated employees, we can gather actionable insights to help create an environment where everyone can contribute to our mission.

Mark Robinson

M Robinson

Director

Date: 22 June 2020

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report for the 52 weeks ended 29 December 2019.

DIRECTORS

The directors, who served throughout the period and to the date of this report, unless stated otherwise, were as follow:

A Nel	(Resigned 4 November 2019)
P Dowdy	
R Edwards	
M Robinson	(Appointed 4 November 2019)

DIVIDENDS

The directors paid total dividends in the period of $625 million (2018: $1,350 million).

FUTURE DEVELOPMENTS

The directors do not currently anticipate any material changes to the nature of company's activities in the foreseeable future.

GOING CONCERN

The directors have prepared an assessment of the going concern of the company based on available resources, both cash and tangible assets, to sustain the company's activities for a period of at least 12 months from the approval of these financial statements.

The company generates a significant portion of its revenue from intragroup sales. The directors have considered the contractual arrangements with other Group companies and are satisfied that the company will be able to continue to rely on intergroup sales for a significant portion of its revenue.

The COVID-19 pandemic and international efforts to control its spread have significantly curtailed the movement of people, goods, and services worldwide, including in the regions in which we sell our products and services and conduct our business operations. We expect the COVID-19 pandemic to have a negative impact on our sales and our results of operations.

As part of the assessment of going concern the directors considered the impact of COVID-19 on the future financial performance of the company through a variety of scenarios covering the potential impact from the business performance risks detailed in note 23. This included estimating the impact on forecast revenue and taking into account mitigating actions.

Based upon scenario analysis of the uncertainties resulting from the COVID-19 pandemic, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

On 31 December 2019, Illumina Inc., contributed all the common shares of Genologics Life Sciences Software Inc (Genologics) to Illumina Cambridge Limited (Illumina Cambridge) in exchange for one nominal share of Illumina Cambridge. On the same day, Illumina Cambridge contributed all the shares of Genologics to Illumina Canada ULC (Illumina Canada) in exchange for one nominal share of Illumina Canada. On 1 January 2020, Genologics was amalgamated with Illumina Canada.

DIRECTORS' REPORT (continued)

EVENTS AFTER THE BALANCE SHEET DATE (continued)

On 7 January 2020, the company's subsidiary BlueGnome Limited was dissolved resulting in the disposal of the investment. At 29 December 2019, the value of the investment and associated impairment were both equal to $20,953,000.

On 4 June 2020 the Company received an interim dividend from Illumina Singapore Pte for $175 million and on 4 June 2020 the Company paid a dividend of $300 million to Illumina Inc.
Since March 2020, the COVID-19 pandemic caused by the SARS-CoV-2 virus and international efforts to control its spread have significantly curtailed the movement of people, goods and services worldwide, including in the regions in which we sell our products and services and conduct our business operations.

The magnitude and duration of the resulting decline in business activity cannot currently be estimated with any degree of certainty and may (1) negatively impact the demand for our products and services, (2) restrict our sales operations, marketing efforts, and customer field support, (3) impede the shipping and delivery of our products to customers (4) disrupt our supply chain, and (5) limit our ability to conduct research and product development and other important business activities. For example, in response to the COVID-19 pandemic, certain industry and customer events have been cancelled, postponed or moved to virtual-only experiences, and we may further alter, postpone or cancel additional customer, employee or industry events in the future; we are requiring most of our employees to work remotely; and we may incur increased costs and experience delays in sales, purchases, deliveries and other business activities associated with the invocation by customers, suppliers, service providers, and other business partners of contractual provisions they may claim are triggered by the COVID-19 pandemic.

It is not possible to accurately predict the impact of the pandemic on our revenue and results of operations, but it is our current expectation that our revenue for FY20 will be within 10% of the revenue for FY19.

On 18 June 2020, the company announced that they had acquired the entire issued share capital of BlueBee Holding BV, a cloud-based genomics software company. This acquisition enhances the capabilities to analyse and interpret data produced by our sequencing systems, and accelerates processing, analysis and sharing of next generation sequencing (NGS) data at scale for our customers.

DISABLED EMPLOYEES

The company considers applications for employment from disabled persons where the candidate's aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

EMPLOYEE ENGAGEMENT

During the period, the policy of providing employees with information about the Illumina group and performance has continued through monthly company meetings. Employee surveys were undertaken throughout the year for employees to provide their feedback on the group's performance. Employees are encouraged to invest in the Illumina group through participation in the employee share purchase plan.

BUSINESS RELATIONSHIPS

The Company builds relationships with suppliers, vendors, and other third parties who share our commitment to satisfying all legal and ethical obligations. We will not knowingly do business with suppliers who employ underage individuals, employ forced labour, or use corporal punishment to discipline employees, regardless of whether such practices are permitted by applicable law. We will favour competitive suppliers who are proactive in contributing to the continued education and betterment of employees and who provide equal employment opportunity.

DIRECTORS' REPORT (continued)

DIRECTORS' INDEMNITIES

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Each director has taken all the steps relevant 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 auditor is aware of that information.

RE-APPOINTMENT OF AUDITOR

Ernst & Young LLP have expressed their willingness to continue in office as auditor and, in accordance with s.485 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board and signed on its behalf by:

Mark Robinson

M Robinson
Director

Date: 22 June 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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 ILLUMINA CAMBRIDGE LIMITED

Opinion

We have audited the financial statements of Illumina Cambridge Limited for the period ended 29 December 2019 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, and the related notes 1 to 23, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 29 December 2019 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.

Emphasis of matter – Disclosure of the effects of COVID-19

We draw attention to Notes 1 and 23 of the financial statements, which describe the economic and operational impact the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILLUMINA CAMBRIDGE LIMITED (continued)

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 pages 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILLUMINA CAMBRIDGE LIMITED (continued)

Use of our report

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

Ernst & Young LLP

Ruth Logan (Statutory Senior Auditor)

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

Cambridge, United Kingdom

23 June 2020

INCOME STATEMENT

for the period ended 29 December 2019

	Notes	Period ended 29 December 2019 $'000	Period ended 30 December 2018 $'000
Turnover	2	2,604,427	2,464,781
Cost of sales		(1,408,571)	(1,530,754)
Gross profit		1,195,856	934,027
Research and development costs		(565,277)	(461,519)
Net foreign exchange loss		(7,079)	(1,962)
Other administrative expenses		(80,878)	(67,881)
Other operating expense		(200)	(385)
Operating profit		542,422	402,280
Income from investments		371,221	560,000
Interest receivable and similar income	4	3,042	5,245
Interest payable and similar charges	5	(10)	(19)
Profit on ordinary activities before taxation	3	916,675	967,506
Tax on profit on ordinary activities	8	(67,804)	(51,528)
Profit for the financial period		848,871	915,978

All activities in both the current period and preceding period derive from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 29 December 2019

	Period ended 29 December 2019	Period ended 30 December 2018
Profit for the financial period	848,871	915,978
Total comprehensive income for the period	848,871	915,978

STATEMENT OF CHANGES IN EQUITY

for the period ended 29 December 2019

	Called-up share capital $'000	Share premium account $'000	Profit and loss account $'000	Total equity $'000
At 1 January 2018	59	18,985	925,371	944,415
Profit for the period	-	-	915,978	915,978
Total comprehensive income for the period	-	-	915,978	915,978
Share based payment recharge by group	-	-	(12,598)	(12,598)
Share based payment expense	-	-	14,239	14,239
Dividends paid in the period			(1,350,000)	(1,350,000)
At 30 December 2018	**59**	**18,985**	**492,990**	**512,034**
Profit for the period	-	-	848,871	848,871
Total comprehensive income for the period	-	-	848,871	848,871
Share based payment recharge by group	-	-	(13,467)	(13,467)
Share based payment expense	-	-	14,364	14,364
Dividends paid in the period	-	-	(625,000)	(625,000)
At 29 December 2019	**59**	**18,985**	**717,758**	**736,802**

STATEMENT OF FINANCIAL POSITION

As at 29 December 2019

	Notes	29 December 2019 $'000	30 December 2018 $'000
FIXED ASSETS			
Investments	12	18,987	39,940
Tangible assets	11	61,547	61,618
		80,534	101,558
CURRENT ASSETS			
Stocks	13	428,578	378,002
Debtors	14	273,586	208,707
Cash and cash equivalents		98,418	89,821
		800,582	676,530
CREDITORS: amounts falling due within one year	15	(118,813)	(242,308)
NET CURRENT ASSETS		681,769	434,222
TOTAL ASSETS LESS CURRENT LIABILITIES		762,303	535,780
CREDITORS: amounts falling due after more than one year	16	(14,771)	(10,938)
PROVISIONS FOR LIABILITIES	17	(10,730)	(12,808)
NET ASSETS		736,802	512,034
CAPITAL AND RESERVES			
Called-up share capital	19	59	59
Share premium account	20	18,985	18,985
Profit and loss account		717,758	492,990
SHAREHOLDERS' FUNDS		736,802	512,034

The financial statement of Illumina Cambridge Limited were approved by the board of directors and authorised for issue on 22 June 2020.

They were signed on its behalf by:

Mark Robinson Electronically signed by: Mark Robinson Reason: Approver Date: Jun 22, 2020 15:30 GMT+1

M Robinson

Director

NOTES TO THE FINANCIAL STATEMENTS

52 weeks ended 29 December 2019

1. ACCOUNTING PRINCIPLES

Legal form of the entity

Illumina Cambridge Limited is a limited liability company incorporated in England. The registered office is Illumina Centre, 19 Granta Park, Great Abington, Cambridge, Cambridgeshire CB21 6DF.

Statement of compliance

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the period ended 29 December 2019.

Basis of preparation and change in accounting policy

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Going concern

The directors have prepared an assessment of the going concern of the company based on available resources, both cash and tangible assets, to sustain the company's activities for a period of at least 12 months from the approval of these financial statements.

The company generates a significant portion of its revenue from intragroup sales. The directors have considered the contractual arrangements with other Group companies and are satisfied that the company will be able to continue to rely on intergroup sales for a significant portion of its revenue.

The COVID-19 pandemic and international efforts to control its spread have significantly curtailed the movement of people, goods, and services worldwide, including in the regions in which we sell our products and services and conduct our business operations. We expect the COVID-19 pandemic to have a negative impact on our sales and our results of operations.

As part of the assessment of going concern the directors considered the impact of COVID-19 on the future financial performance of the company through a variety of scenarios covering the potential impact from the business performance risks detailed in note 23. This included estimating the impact on forecast revenue and taking into account mitigating actions.

Based upon scenario analysis of the uncertainties resulting from the COVID-19 pandemic, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure exemptions

Under Financial Reporting Standard 102, the Company is exempt from several disclosures as a qualifying entity since it is included in the consolidated financial statements of Illumina, Inc. whose financial statements are publicly available. The following disclosure exemptions have been taken by the Company:

- Statement of cash flow for the reporting period
- Disclosures in relation to the fair value of financial liabilities and financial assets
- Weighted average exercise price of share options
- Information input into the fair value model of equity instruments
- Key management personnel compensation
- Reconciliation of the number of share-based awards outstanding at the beginning and end of the period

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING PRINCIPLES (continued)

Judgements and key sources of estimation uncertainty

The preparation of the 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. Though the impact of the COVID-19 pandemic to our business and operating results presents additional uncertainty, we continue to use the best information available to inform our critical accounting estimates. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Impairment of inventory

Due to the nature of the inventory there is a risk that inventory may be impaired. An estimation for the impairment of inventory held at the year-end is undertaken, considering factors such as slow-moving, obsolete and excess stock based on product life cycles, quality issues, historical experience and usage forecasts.

Warranty provision

A provision for warranty expense is based on management's historical experience as well as anticipated product performance. The Company periodically reviews the warranty provision for adequacy and adjusts, if necessary, based on actual experience and estimated costs to be incurred.

Accounting policies

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profit and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the finance statements except that:

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Intangible assets - licences

Licences are included at cost and amortised in equal annual instalments over a period of 3-4 years according to their estimated useful economic life. Provision is made for any impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING PRINCIPLES (continued)

Tangible fixed assets

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

Leasehold improvements	term of lease
Plant and machinery	2-5 years
Office equipment	2-3 years

Assets in the course of construction are not depreciated.

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Turnover

Turnover 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:

Sale of instruments and consumables

Turnover from the sale of instruments and consumables is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, usually on delivery of the goods.

Product warranty and service-related income

The Company sells contracts that require a warranty service to be provided over a period, often several years. The revenue is recognised on a straight-line basis over the contract term. In addition, the Company receives income for ad-hoc servicing and repair of machines that are not covered by warranty. These revenues are recognised as the service or repair is performed.

Royalty revenue

Royalty revenue receivable from other group undertakings on sequencing product sales is recognised on net Illumina, Inc. group sales to third parties.

Interest income

Revenue is recognised as interest accrues issuing the effective interest method.

Research and development services

Revenue from research and development services is recognised as the services are provided.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING PRINCIPLES (continued)

Warranty provision

The Company provides a one-year warranty on instruments. Additionally, the Company provides a warranty on consumables through the expiration date which generally ranges from six to twelve months after the manufacture date. At the time revenue is recognised, the Company establishes an accrual for estimated warranty expenses based on historical experience as well as anticipated product performance.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at an effective rate on the carrying value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share-based payment

The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Short term investments

The Company holds short term investments, which are investments with a maturity date of greater than three months.

2. TURNOVER

Turnover, which is stated net of value added tax, arises from the following two principal sources.

The first of these represent amounts invoiceable to other group companies. This turnover is attributable to service revenue from the use of the NMR machine, reagent kit components supplied to Illumina group companies, and royalty payments due from Illumina, Inc. and Illumina Singapore Pte. Ltd.

The second source of revenue arises from third party sales of Illumina, Inc. instruments and consumables for the large-scale analysis of genetic variation to customers in the UK, together with associated revenues arising from the separable warranty contracts and other servicing related activities of those instruments.

An analysis by geographical market is given below:

	Period ended 29 December 2019	Period ended 30 December 2018
Turnover by geographical market	**$'000**	**$'000**
United Kingdom	141,611	191,319
Rest of Europe	643,668	599,043
North America	1,164,396	1,115,381
Rest of the World	654,752	559,038
	2,604,427	2,464,781

In a prior period, the company granted Illumina Singapore Pte. Ltd. a non-exclusive license of the rights to manufacture products using certain sequencing IP and to sell the products that it manufactures. As consideration for the right to benefit from sequencing IP, the company is entitled to a royalty on sales made by Illumina Singapore Pte.Ltd., which in the period amounts to $277,878,000 (period ended 30 December 2018: $264,129,000).

The remaining turnover represents amounts invoiced to third parties within the UK and to other group companies outside of the UK. This is principally attributable to consumable and instrument sales within the UK. In addition, the company receives revenues in relation to product warranty contracts and servicing related income of instruments sold by the Company to third parties.

An analysis of turnover by revenue stream is given below:

	Period ended 29 December 2019	Period ended 30 December 2018
Turnover by revenue stream	**$'000**	**$'000**
Royalty income	338,000	264,129
Reagent sales (intragroup)	1,630,129	1,510,806
Reagent sales (third party)	115,685	92,546
Instrument sales (third party)	23,544	23,902
Instrument sales (intragroup)	429,444	400,100
Product warranty revenue and service-related income (third party)	3,155	75,152
Product warranty revenue and service-related income (intragroup)	87,939	71,359
Research and development services (intragroup)	(23,469)	26,787
	2,604,427	2,464,781

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. TURNOVER (continued)

In previous years, Illumina Singapore Pte. Ltd reimbursed the company for a portion of sequencing R&D costs incurred by the company. Reimbursement was in proportion to Illumina Singapore Pte. Ltd.'s expected revenue from the sale of sequencing products over a rolling three-year period (2017, 2018, 2019). An estimated recharge was calculated in 2017 and 2018 based on projections for future years however this is revised each year based on actual revenues. Therefore, the expense above is a true up of the 2017 and 2018 reimbursements. R&D reimbursement payments from Illumina Singapore Pte. Ltd to the company ceased after FY2018 Q1 and a higher royalty rate for royalty payments from Illumina Singapore Pte. Ltd is now in place.

3. PROFIT ON ORDINARY ACTIVITES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	Period ended 29 December 2019	Period ended 30 December 2018
	$'000	$'000
Depreciation of owned tangible fixed assets	9,547	15,922
Amortisation of intangible fixed assets	-	4,817
Research and development		
- Costs incurred	565,277	461,519
- Research and development expenditure credit	(2,353)	(1,543)
- Included in cost of sales and (refunded)/recharged to Illumina Singapore Pte. Ltd	(23,469)	26,787
Operating lease rentals		
- Land and buildings	7,623	7,808
- Plant and machinery	14	16
Share based payment expense	14,364	14,239
Net loss/(gain) on foreign exchange transactions	7,079	1,962
Fees payable to the Company's auditor for:		
the audit of the Company's annual accounts	122	128

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 29 December 2019	Period ended 30 December 2018
	$'000	$'000
Interest receivable on treasury deposits	2,786	4,908
Interest receivable in amounts due from group undertakings	256	337
	3,042	5,245

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 29 December 2019	Period ended 30 December 2018
	$'000	$'000
Interest payable on loans from other group undertakings	-	(19)
Bank interest payable	(10)	-
	(10)	(19)

6. STAFF COSTS

The aggregate remuneration comprised:

	Period ended 29 December 2019	Period ended 30 December 2018
	$'000	$'000
Wages and salaries	61,451	60,782
Social security costs	5,996	5,842
Other pension costs	3,809	3,407
	71,256	70,031

Included within wages and salaries is a total expense of share-based payments of $14,364,191 (period ended 30 December 2018: $14,239,292) which arises from transactions accounted for as equity settled share-based payments.

The average number of monthly employees (including executive directors) was:

	Number 2019	Number 2018
R&D	197	177
Sales and marketing	219	190
Administration	94	80
Manufacturing	89	77
	599	524

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DIRECTORS' REMUNERATION AND TRANSACTIONS

	Period ended 29 December 2019	Period ended 30 December 2018
	$'000	$'000
Directors' emoluments paid by the company	1,440	1,074
Company contributions to money purchase pension schemes	31	29

	Period ended 29 December 2019	Period ended 30 December 2018
	Number	Number
Number of directors accruing benefits under money purchase schemes	4	5
Number of directors who received shares (RSU's) for qualifying services	1	3
Number of directors who exercised share options	3	-

The directors of the company are also directors of other fellow group undertakings. These directors received total remuneration for their services, including amounts stated above for the period of $1,584,315 (period ended 30 December 2018: $1,598,701), plus company pension contributions of $31,447 (period ended 30 December 2018: $44,090). The aggregate emoluments of the highest paid director were $828,238 (period ended 30 December 2018: $752,433) and company pension contributions of $0 (period ended 30 December 2018: $9,814) were made to a money purchase scheme on their behalf. The highest paid director received shares (RSUs) for qualifying services in both the current and prior periods and exercised share options, in current and prior periods. The directors do not believe that it is practicable to apportion this amount between their qualifying services as directors of the company and their services as directors of other fellow group undertakings.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TAX ON PROFIT ON ORDINARY ACTIVITES

(a) Tax on profit on ordinary activities

The tax charge comprises as follows:

	Period ended 29 December 2019	Period ended 30 December 2018
	$'000	$'000
Current tax:		
UK Corporation Tax at 19.00% (period ended 30 December 2018: 19.00%)	67,227	50,738
Adjustment in respect of prior periods	(2,806)	(1,175)
Foreign tax	(2,780)	(2,208)
Total current tax	61,641	47,355
Foreign tax suffered	2,749	2,208
Total current tax	64,390	49,563

	Period ended 29 December 2019	Period ended 30 December 2018
Deferred taxation:	$'000	$'000
Origination and reversal of timing differences	1,370	2,397
Adjustment in respect of prior periods	2,044	36
Effect of changes in tax rates	-	(468)
Total deferred tax	3,414	1,965
Tax on profit on ordinary activities	67,804	51,528

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TAX ON PROFIT ON ORDINARY ACTIVITES (continued)

(b) Factors affecting the total tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19.00% (period ended 30 December 2018: 19.00%). The differences are explained below:

	Period ended 29 December 2019	Period ended 30 December 2018
	$'000	$'000
Profit on ordinary activities before tax	916,675	967,506
Profit on ordinary activities multiplied by the standard rate of tax of 19.00% (period ended 30 December 2018: 19.00%)	174,168	183,826
Effect of:		
Expenses not deductible for tax purposes (including goodwill amortisation)	397	165
Impairment of investment	3,981	-
Non-taxable income	(70,532)	(106,400)
Effects of group relief/other relief	(12)	(125)
Adjustment from previous periods	(763)	(1,293)
Tax rate changes	-	(468)
Share options	211	(3,239)
Effect of patent box deduction	(39,646)	(20,608)
Total tax (see note 8(a))	67,804	51,858

(c) Factors that may affect future tax charges

In the prior year, the deferred tax was calculated using a rate of 17% as the Finance Act 2016 provided for a reduction in the corporation tax rate to 17% from 1 April 2020. At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%. As these changes were not enacted by the balance sheet date deferred tax has been calculated accordingly in these financial statements. The above changes to the rate of corporate tax will impact the amount of future cash tax payments to be made by the company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TAX ON PROFIT ON ORDINARY ACTIVITES (continued)

(d) Deferred tax asset/(liability)

The elements of the deferred tax asset/(liability) that has been provided for, are as follows:

	Period ended 29 December 2019	Period ended 30 December 2018
	$'000	$'000
At start of period	2,045	4,011
Adjustment in respect of prior periods	(3,009)	(36)
Deferred tax charge to income statement for the period	(1,370)	(1,930)
Movement arising from the transfer of trade	179	-
	(2,155)	2,045
Accelerated capital allowances	(5,018)	(1,951)
Share-based payments	2,811	3,935
Unpaid remuneration adjustments	8	8
Pension costs	37	36
Bad debt expense	7	17
	(2,155)	2,045
Deferred tax assets		
Recoverable within 12 months	1,679	3,996
Recoverable after 12 months	1,184	-
	2,863	3,996
Deferred tax liabilities		
Payable within 12 months	(1,593)	-
Payable after 12 months	(3,425)	(1,951)
	(5,018)	(1,951)

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. SHARE BASED PAYMENTS

Employees are granted share options and restricted stock units (RSU's) in the ultimate parent company Illumina, Inc. Share options are RSU's vest over 4 years from the date of grant.

Share options granted to new employees have a 1-year cliff where 25% of the grant vests on the anniversary of the start date, with the remainder vesting over 3 years on a straight-line monthly basis. Subsequent awards vest over 4 years on a straight-line monthly basis. Share options must be exercised within 10 years of the grant date otherwise they expire.

RSU's typically vest in 4 instalments on each of the first four anniversaries of the date of grant in the proportions 25%, 25%, 25% and 25% (prior to 1 January 2012 the vesting schedule was: 15%, 20%, 30%, 35%). Options and RSUs are equity settled, and there are no other vesting conditions.

Employee Stock Purchase Plan

Employees can save up to 15% of their gross salary and then periodically use these funds to purchase shares in Illumina Inc. at a discount.

10. TANGIBLE FIXED ASSETS

	Building	Leasehold improvements	Assets under construction	Machinery equipment	Furniture and fixtures	Computer equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation							
At 30 December 2018	78	22,209	49,968	35,994	1,619	15,665	125,533
Additions	-	251	1,643	5,255	521	2,239	9,909
Disposals	-	(21,684)	-	(3,611)	(686)	(938)	(26,919)
Transfers/Adjustments	(78)	45,425	(49,905)	396	2,263	1,899	-
At 29 December 2019	-	46,201	1,706	38,034	3,717	18,865	108,523
Depreciation							
At 30 December 2018	(47)	(20,765)	-	(28,784)	(961)	(13,358)	(63,915)
Charge for the period	(10)	(3,445)	-	(3,290)	(517)	(2,285)	(9,547)
Disposals	-	21,660	-	3,225	668	933	26,486
Transfers/Adjustments	57	(57)	-	-	-	-	-
At 29 December 2019	-	(2,607)	-	(28,849)	(810)	(14,710)	(46,976)
Net book value							
At 29 December 2019	-	43,594	1,706	9,185	2,907	4,155	61,547
At 30 December 2018	31	1,444	49,968	7,210	658	2,307	61,618

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. INVESTMENTS

	Trade investments	Shares in subsidiary undertaking	Total
	$'000	$'000	$'000
Cost			
At 30 December 2018	399	122,899	123,298
Disposal	(399)	-	(399)
At 29 December 2019	-	122,899	122,899
Accumulated depreciation			
At 30 December 2018	(399)	(82,959)	(83,358)
Impairment	-	(20,953)	(20,953)
Disposal	399	-	399
At 29 December 2019	-	(103,912)	(103,912)
Net Book Value			
At 29 December 2019	-	18,987	18,987
At 30 December 2018	-	39,940	39,940

The company owns 1% of the equity ordinary share capital of Illumina India Biotechnology Private Ltd. The principal activity of Illumina India Biotechnology Private Ltd, is the sale of Illumina, Inc. group instruments and consumables. Illumina India Biotechnology Private Ltd was incorporated on 20 June 2018 in India.

The company held 248 shares in Desktop Genetics which were disposed during the year following full impairment of the investment value in 2017. Desktop Genetics manufactures software tools for genome engineering, synthetic biology and cell line engineering. Desktop Genetics is a company incorporated in the United Kingdom.

The company holds 100% of the issued ordinary share capital of Illumina Singapore Pte. Ltd. The principal activity of Illumina Singapore Pte. Ltd, is the manufacturer and sale of Illumina, Inc. group instruments and consumables. Illumina Singapore Pte. Ltd, is a company incorporated in Singapore.

The company holds 100% of the issued ordinary share capital of Illumina Canada ULC. The principal activity of Illumina Canada ULC, is the sale of Illumina, Inc. group instruments and consumables. Illumina Canada ULC, is a company incorporated in Canada.

The company holds 100% of the issued ordinary share capital of BlueGnome Limited, a company incorporated in the UK. On 28 July 2019, Illumina Cambridge Limited acquired certain assets and liabilities from BlueGnome Limited and on 7 January 2020 the company was dissolved. Therefore, the investment is fully impaired at 29 December 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. INVESTMENTS (continued)

A listing of indirect investments is given as follows:

Name of Entity	Country of Incorporation
Illumina Trading (Shanghai) Co., Ltd	China
Illumina Trading (Shanghai) Co., Ltd Beijing Branch	China
Illumina Australia Pty Ltd	Australia
Illumina Hong Kong Ltd	Hong Kong
Illumina New Zealand Ltd	New Zealand
Illumina Netherlands B.V.	Netherlands
Illumina Korea Ltd	Korea
Conexio Genomics Pty Ltd	Australia
Illumina GmbH	Germany
Illumina AB	Sweden
Illumina Denmark ApS	Denmark
Illumina Productos de Espana S.L.U	Spain
Illumina France Holding SARL	France
Illumina France SARL	France
Illumina Italy Srl	Italy
Illumina Switzerland GmbH	Switzerland
Illumina Finland Oy	Finland
Illumina Norway AS	Norway
Illumina Belgium BVBA	Belgium
Illumina (China) Scientific Co., Ltd	China
Illumina Rus Limited Liability Company	Russia
Illumina Ireland Commercial Limited	Ireland

12. STOCKS

	29 December 2019	30 December 2018
	$'000	$'000
Raw materials and consumables	83,984	69,372
Work in progress	309,936	219,621
Finished goods and goods for resale	34,658	89,009
	428,578	378,002

The difference between the purchase price or production costs of stocks and their replacement cost is not material. Stocks recognised as expense in the period were $1,276,550,000 (period ended 30 December 2018: $1,488,346,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. DEBTORS

	29 December 2019	30 December 2018
	$'000	$'000
Trade debtors	14,980	28,904
Amounts owed by parent company	78,094	62,631
Amounts owed by subsidiary companies	149,077	70,255
Amounts owed by fellow group undertakings	14,288	41,964
Deferred tax asset (note 8)	86	2,045
Prepayments and accrued income	13,093	2,252
Other debtors	3,968	656
	273,586	208,707

Prepayments and accrued income include $11,341,000 (2018: $nil) falling due after more than one year.

Amount owed by the parent company, subsidiary companies and fellow group undertakings are unsecured and repayable on demand without interest. They will be settled in cash with no guarantees given or received. Interest is calculated quarterly on balances aged over 90 days using the mid-term annual applicable federal rate for the last month of the quarter.

14. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	29 December 2019	30 December 2018
	$'000	$'000
Trade creditors	27,048	32,372
Payments on account	406	412
Amounts owed to subsidiary companies	30,112	49,923
Amounts owed to fellow group undertakings	7,429	5,914
Other taxation and social security	12,455	16,934
VAT	337	2,008
Accruals and deferred income	9,926	113,139
Corporation tax payable	31,100	21,606
	118,813	242,308

Amount owed by the parent company, subsidiary companies and fellow group undertakings are unsecured and repayable on demand without interest. They will be settled in cash with no guarantees given or received. Interest is calculated quarterly on balances aged over 90 days using the mid-term annual applicable federal rate for the last month of the quarter.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR

	29 December 2019	30 December 2018
	$'000	$'000
Accrued expenses	925	2,325
Deferred revenue	3,239	3,691
Deferred rent	8,366	4,922
Deferred tax payable	2,241	-
	14,771	10,938

16. PROVISIONS FOR LIABILITIES

	Warranty Provision
	$'000
At 30 December 2018	12,808
Additions charged to cost of revenue	19,423
Changes to prior period estimates	(1,668)
Repairs and replacements	(19,833)
At 29 December 2019	10,730

Warranty provision

As the manufacturer of the goods for Illumina a warranty reserve is held to cover for returns of products, based on shipments in the past 12 months, in line with the standard warranty period.

17. PENSION

The Company operates a Group Personal Pension Plan with defined contributions, for all its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The charge to the profit and loss account in the period amounted to $3,809,000 (period ended 30 December 2018: $3,407,000). Contributions outstanding at the period end were $448,000 (period ended 30 December 2018: $368,000).

18. CALLED UP SHARE CAPITAL

	29 December 2019	30 December 2018
	$'000	$'000
Allotted, called-up and fully paid		
12,129,187 (period ended 30 December 2018: 12,129,187) ordinary shares of £0.0025	59	59

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RESERVES

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

20. OBLIGATIONS UNDER OPERATING LEASES

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

	Land and buildings		Other	
	29 December 2019	30 December 2018	29 December 2019	30 December 2018
	$'000	$'000	$'000	$'000
Within one year	6,655	7,294	8	7
Between two to five years	25,873	24,519	9	1
After five years	88,391	91,901	-	-
	120,919	123,714	17	8

21. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption not to disclose transactions between group undertakings where 100% of the voting rights are controlled within the group and the consolidated financial statements, in which the results of Illumina, Inc. are publicly available. Amounts owed by and to related parties are disclosed in note 14 and 15

22. ULTIMATE PARENT UNDERTAKING

The Company's ultimate and immediate parent undertaking and controlling party is Illumina, Inc., a company registered in the USA. The smallest and largest group in which the results of the Company are included within is headed by Illumina, Inc. Copies of which are available from Illumina, Inc., 5200 Illumina Way, San Diego, CA92122, USA.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. EVENTS AFTER THE BALANCE SHEET DATE

On 31 December 2019, Illumina Inc., contributed all the common shares of Genologics Life Sciences Software Inc (Genologics) to Illumina Cambridge Limited (Illumina Cambridge) in exchange for one nominal share of Illumina Cambridge. On the same day Illumina Cambridge contributed all the shares of Genologics to Illumina Canada ULC (Illumina Canada) in exchange for one nominal share of Illumina Canada. On 1 January 2020, Genologics was amalgamated with Illumina Canada.

On 7 January 2020, the company's subsidiary BlueGnome Limited was dissolved resulting in the disposal of the investment. At 29 December 2019, the value of the investment and associated impairment were both equal to $20,953,000.

On 4 June 2020 the Company received an interim dividend from Illumina Singapore Pte for $175 million and on 4 June 2020 the Company paid a dividend of $300 million to Illumina Inc.

Since March 2020, the COVID-19 pandemic caused by the SARS-CoV-2 virus and international efforts to control its spread have significantly curtailed the movement of people, goods and services worldwide, including in the regions in which we sell our products and services and conduct our business operations.

The magnitude and duration of the resulting decline in business activity cannot currently be estimated with any degree of certainty and may (1) negatively impact the demand for our products and services, (2) restrict our sales operations, marketing efforts, and customer field support, (3) impede the shipping and delivery of our products to customers (4) disrupt our supply chain, and (5) limit our ability to conduct research and product development and other important business activities. For example, in response to the COVID-19 pandemic, certain industry and customer events have been cancelled, postponed or moved to virtual-only experiences, and we may further alter, postpone or cancel additional customer, employee or industry events in the future; we are requiring most of our employees to work remotely; and we may incur increased costs and experience delays in sales, purchases, deliveries and other business activities associated with the invocation by customers, suppliers, service providers, and other business partners of contractual provisions they may claim are triggered by the COVID-19 pandemic.

It is not possible to accurately predict the impact of the pandemic on our revenue and results of operations, but it is our current expectation that our revenue for FY20 will be within 10% of the revenue for FY19.

On 18 June 2020, the company announced that they had acquired the entire issued share capital of BlueBee Holding BV, a cloud-based genomics software company. This acquisition enhances the capabilities to analyse and interpret data produced by our sequencing systems, and accelerates processing, analysis and sharing of next generation sequencing (NGS) data at scale for our customers.