

Company Registration No. 07171675

**DEVICOR MEDICAL UK LIMITED**

**Report and Financial Statements**

**31 December 2015**



# **DEVICOR MEDICAL UK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2015**

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# **DEVICOR MEDICAL UK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2015**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

A de Lambilly  
A Burns  
O Andrich  
D Inman

#### **SECRETARY**

Jordan Company Secretaries Limited  
21st Thomas Street  
Bristol  
United Kingdom BS1 6JS

#### **BANKERS**

HSBC France S.A  
103, avenue des Champs-Élysées  
75008 Paris

#### **AUDITORS**

Ernst & Young LLP  
400 Capability Green  
Luton LU1 3LU

#### **REGISTERED OFFICE**

20-22 Bedford Row  
London WC1R 4JS

# DEVICOR MEDICAL UK LIMITED

## STRATEGIC REPORT

### REVIEW OF BUSINESS

The principal activity of Devicor Medical UK Limited ("Devicor UK" or "the Company") is the sale of medical devices in the UK. The products are developed and produced by Devicor UK's parent company Devicor Medical Products Inc.; a company incorporated in the United States of America.

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

KPI	2015 TGBP	2014 TGBP	change % on annualised basis
Turnover	1.190,00	4.342,00	-73%
Profit on ordinary activities	295,00	24,00	1129%

The company sold the rights to the European distribution activities to Devicor Medical Europe GmbH, Hamburg, and has been reimbursed accordingly (see also note 6). As a consequence, intercompany sales and revenue with distributors have not been recorded in the company's 2015 financial statements. The profit on ordinary activities is impacted by that transaction.

### PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal risks and uncertainties lie in the area of product risk and competition from others in the market place. In order to mitigate these risks, the company must ensure that its products are developed to the highest quality in order to ensure reliability to customers. Devicor group is also continually researching and developing its product range in order to stay competitive with other suppliers in the market.

#### *Foreign currency risk*

The directors believe although this could be a risk, the company's realised foreign exchange risk is covered by foreign exchange risk management in the US parent undertaking through the use of hedging.

#### *Credit risk*

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.

#### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company joined a group cash pooling arrangement during the year to mitigate liquidity risk.

#### *Cash flow risk*

Cash flow risk is the risk that inflows and outflows of cash and cash equivalents will not be sufficient to finance day-to-day operations of the company. The company manages cash flow risk by careful negotiation of terms with customers, suppliers and affiliates, to maintain available funds to meet its liabilities as they fall due. The company has no Devicor-external loan debt and accordingly has no significant interest risk.

# DEVICOR MEDICAL UK LIMITED

## STRATEGIC REPORT

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board and agreed with the parent company are implemented by the company's finance department.

## FUTURE DEVELOPMENTS

The company continues to sell medical devices in the UK and anticipates that it will continue to contribute to the group.

On behalf of the Board

  
O Andrich

Director

Date: 5 December 2016

# DEVICOR MEDICAL UK LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to GBP 295,004 (2014: GBP 23,590). No ordinary dividends were paid during the year (2014: GBP nil).

### DIRECTORS

The directors who served during the year were as follows:

A de Lambilly (appointed 10 July 2015)  
A Burns (appointed 22 June 2015 and terminated on 1 June 2016)  
O Andrich  
D Inman (appointed 1 June 2016)  
T Daulton (terminated 9 July 2015)  
O Atkins (terminated 6 May 2015)  
D Nuti (terminated 12 February 2015)

### GOING CONCERN

The company's business activities together with its performance are set out in the review of the business. In addition the principle risks and uncertainties below include the company's objectives and policies for managing its financial risks.

The company is expected to generate positive cash flows for the foreseeable future, has reasonable financial resources and has an appropriate number of customers. The company is part of the Danaher UK group cash pool arrangement. As part of the group cash pool arrangement, each company has entered into unlimited cross guarantees in respect of bank borrowings with fellow participating companies. The group cash pool arrangement in the UK is also available if the company requires immediate access to cash funds to meet its liabilities as they fall due. The cash position of the UK group as a whole is strong and therefore the company should have access to sufficient operating funds when necessary. As a result, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. 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 of accounting in preparing the annual financial statements.

### DISCLOSURE OF INFORMATION TO AUDITORS


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

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

### AUDITORS

In accordance with s. 485 of the Companies Act 2006 a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

  
O Andrich  
Director  
Date: 5 December 2016

## **DEVICOR MEDICAL UK LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 DEVICOR MEDICAL UK LIMITED**

We have audited the financial statements of Devicor Medical UK Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

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

As explained more fully in the Directors' Responsibilities Statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework' and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEVICOR MEDICAL UK LIMITED

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

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

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

*Ernst & Young LLP*

John Dervley (Senior statutory auditor)

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

Luton

Date: *7 December 2016*

# DEVICOR MEDICAL UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2015

	Note	2015 GBP	2014 GBP
<b>TURNOVER</b>	3	1,189,707	4,341,902
Cost of sales		-1,090,086	-2,868,001
<b>GROSS PROFIT</b>		99,621	1,473,901
Sales and distribution costs		-205,857	-297,100
Administrative expenses		-128,799	-1,008,987
<b>OPERATING PROFIT / (LOSS)</b>	4	-235,035	167,814
Other income	6	632,624	0
Interest receivable and similar income	7	0	586
Interest payable and similar charges	8	-102,585	-144,810
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		295,004	23,590
Tax (charge) / credit on profit / (loss) on ordinary activities	9	0	0
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION, AND TOTAL COMPREHENSIVE INCOME</b>		295,004	23,590

The accompanying notes are an integral part of this statement of comprehensive income.

All activities derive from continuing operations.

# DEVICOR MEDICAL UK LIMITED

Registered number 07171675

## BALANCE SHEET At 31 December 2015

	Note	2015 GBP	2014 GBP
<b>FIXED ASSETS</b>			
Intangible Assets	10	0	177.139
Tangible Assets	11	6.570	12.677
Investments	12	334.790	334.790
		<u>341.360</u>	<u>524.606</u>
<b>CURRENT ASSETS</b>			
Stock	13	0	485
Debtors			
- due within one year	14	1.453.892	2.480.506
- due after more than one year		0	0
Deferred tax	9	0	0
Cash at bank and in hand		75.610	92.264
		<u>1.529.502</u>	<u>2.573.255</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>-1.769.947</u>	<u>-3.291.950</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>-240.445</u>	<u>-718.695</u>
<b>NET ASSETS / (LIABILITIES)</b>		<u>100.915</u>	<u>-194.089</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	3	3
Share premium account		1.362.445	1.362.445
Profit and loss account		-1.261.533	-1.556.537
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>100.915</u>	<u>-194.089</u>

The accompanying notes are an integral part of this balance sheet.

These financial statements were approved by the Board of Directors on 5 December 2016.

Signed on behalf of the Board of Directors.

  
O. Andrich  
Director

**DEVICOR MEDICAL UK LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2015**

	Note	Called-up share capital GBP	Share premium account GBP	Profit and loss account GBP	Total Share- holders Funds GBP
<b>At 1 January 2014</b>		3	1.362.445	-1.580.127	-217.679
<b>Profit and total comprehensive income for the year</b>				23.590	23.590
Shares issued					
Share issue costs					
Equity dividends paid					
<b>At 31 December 2014</b>		3	1.362.445	-1.556.537	-194.089
<b>Profit and total comprehensive income for the year</b>				295.004	295.004
Shares issued					
Share issue costs					
Equity dividends paid					
<b>At 31 December 2015</b>	16	3	1.362.445	-1.261.533	100.915

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

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2015

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

The financial statements of DEVICOR MEDICAL UK LIMITED (the "Company" or "Devicor UK") for the year ended 31 December 2015 were authorised for issue by the board of directors on 5 December 2016 and the balance sheet was signed on the board's behalf by Olaf Andrich. DEVICOR MEDICAL UK LIMITED is incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company has used a true and fair override in respect of one non-amortization of goodwill (see note 2.4).

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

The results of DEVICOR MEDICAL UK LIMITED are included in the consolidated financial statements of Danaher Corporation which are available from 2200 Pennsylvania Avenue Suite 800 West, Washington DC 20037, USA.

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

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

The Company transitioned from UK GAAP to FRS 101 for all periods presented, refer to note 2.5 below for details.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

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

- (a) the requirements of IFRS 7 *Financial Instruments: Disclosures*.
- (b) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*.
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
  - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*;
- (d) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 111, and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (e) the requirements of IAS 7 *Statement of Cash Flows*;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (g) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- (h) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations adopted by the Company.

There are no other changes to IFRS effective in 2015 which have a material impact on Devicor UK.

### 2.3 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

Where there are indicators of impairment management performs impairment tests based on fair value less cost to sell or value in use, which includes estimates for example of market prices and the use of discounted rates.

### 2.4 SIGNIFICANT ACCOUNTING POLICIES

#### 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, rebates, VAT and other sales taxes or duty.

The following criteria must also be met before revenue is recognised:

#### *Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

#### *Rendering of services*

Revenue from maintenance and service agreements is recognised over the period in which the maintenance services are rendered.

#### *Interest income*

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

#### *Other income*

Other income is related to the sale of the rights to the European Distribution and is described in note 6.

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### 2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquire) over the net identifiable amounts of the assets acquired and the liabilities assumed in the exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Depreciation is provided on all property, plant and equipment, other than land, on a straight-line basis over its expected useful life as follows

OTL, Demo Units	2 years
Furniture and equipment	3 years

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

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

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### 2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments

Fixed assets investments are shown at cost less any provision for impairment.

#### Impairment of assets

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

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

#### Stocks

Stocks are stated at the lower of cost and net realisable value. All costs relate to finished goods.

#### Foreign currency

The company's financial statements are presented in sterling, which is also the company's functional currency. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the balance sheet date. All exchange differences are included in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

#### Leases

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

Operating lease expenses are spread over the period of the lease incentive. Leases are classified as either finance or operating lease. Leasing transactions that transfer substantially all the risk and rewards incidental to ownership of the leased asset to the lessee are classified as finance leases. All other leasing arrangements are classified as operating leases.

#### Pension costs

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

#### Provision for liabilities

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



# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### 2.4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised; and
- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

#### Financial instruments

##### *i) Financial assets*

#### **Initial recognition and measurement**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, trade and other receivables and intercompany.

#### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

instruments in hedge relationships as defined by IAS 39. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

### *Available-for-sale financial assets*

Available-for-sale financial investments include equity securities. Equity investments classified as available-for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the unrealised gains and losses reserve.

When the investment is derecognised, the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in other operating expenses and removed from the unrealised gains and losses reserve.

The Company evaluates its available-for-sale financial assets and whether the ability and intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and when the Company has the intent and ability to hold these assets for the foreseeable future or until maturity.

### *i) Financial liabilities*

#### **Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### *Interest bearing loans and borrowings*

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After Initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

### **De-recognition of financial liabilities**

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

## **2.5 FIRST TIME ADOPTION OF FRS 101**

These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101. For periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with UK generally accepted accounting practice (UK GAAP).

Accordingly, the Company has prepared financial statements which comply with FRS 101 applicable for periods ending on or after 31 December 2015 together with the comparative period data as at and for the year ended 31 December 2014, as described in the accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 January 2014, the Company's date of transition to FRS 101. This note explains the principal adjustments made by the Company in restating its UK GAAP balance sheet as at 1 January 2014 and its previously published UK GAAP financial statements as at and for the year ended 31 December 2014.

On transition to FRS 101, the company has applied paragraph 6-33 of IFRS 1 "first time adoption of International Financial Reporting Standards".

The following adjustments were identified as a result of the transition to FRS 101 by the company:

### **Goodwill**

Under UK GAAP, goodwill is amortized on a systematic basis over its useful economic life. This is not allowable under IFRS. Instead IFRS requires goodwill to be tested for impairment annually by comparing the carrying amount of the CGU, including goodwill, with its recoverable amount.

Impairment test was carried out per 31 December 2014, and an impairment of TGBP 122 was recognized. Goodwill was restated by reversing the amortization applied.

### **Functional currency**

The company's presentational and functional currency of the accounts is in GBP. In the prior year this was determined as Euros. The company has changed its functional currency as majority of its sales are now in GBP. Transactions in other currencies have been accounted for in line with the accounting policy described in Note 2.4

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### 3. TURNOVER AND SEGMENTAL INFORMATION

	<b>2015</b>	<b>2014</b>
	<b>GBP</b>	<b>GBP</b>
Sales of goods	1.189.707	4.341.902
Rendering of Services	0	0
	<u>1.189.707</u>	<u>4.341.902</u>
<b>Turnover by destination</b>		
United Kingdom	1.189.707	1.268.432
Europe	0	2.798.629
Rest of World	0	274.841
	<u>1.189.707</u>	<u>4.341.902</u>

No revenue was derived from the exchanges of goods or services (2014: nil).

### 4. OPERATING PROFIT / (LOSS)

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

	<b>2015</b>	<b>2014</b>
	<b>GBP</b>	<b>GBP</b>
Impairment of intangible assets	177,139	121,542
Foreign exchange losses (gains)	163,029	256,152
Auditors remuneration*	29,705	29,459
Operating lease rentals - leasing cars	15,514	19,786
(Gain) / Loss on disposal of fixed assets	11,424	0
	<u>1.189.707</u>	<u>4.341.902</u>

\* The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of its parent Danaher Corporation.

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### 5. STAFF COSTS

#### (a) Staff costs

	2015 GBP	2014 GBP
<b>Staff cost during the year</b>		
Wages and salaries	186.405	258.520
Social security costs	27.423	30.734
Other pension costs	5.796	11.548
	<u>219.624</u>	<u>300.802</u>

	2015 No.	2014 No.
<b>Average numbers of persons employed</b>		
Sales and distribution	2	2
Administration	1	1
	<u>3</u>	<u>3</u>

At the balance sheet date there were unpaid pension contributions of GBP 22.470 (2014: GBP 16.579) in respect of the defined contribution scheme.

#### (b) Directors' emoluments

The directors emoluments are deemed to be wholly attributable to qualifying services to other group companies. Accordingly, these financial statements include no emoluments in respect of the directors (2014: GBP 0).

### 6. OTHER INCOME

Devicor UK sold the rights to the European Distribution and the warehousing activities in Born / The Netherlands to Devicor Medical Europe GmbH, Hamburg. As a consequence the only remaining business activity of Devicor UK is the retail of products from its parent company Devicor Medical Products Inc., Cincinnati.

### 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 GBP	2014 GBP
On loan given to group entities	<u>0</u>	<u>586</u>
	<u>0</u>	<u>586</u>

### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 GBP	2014 GBP
On loans owed by group entities	<u>102.585</u>	<u>144.810</u>
	<u>102.585</u>	<u>144.810</u>

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### 9. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

(a) Tax charged to profit or loss in the statement of comprehensive income

	2015	2014
	£	£
<b>Current tax</b>		
UK corporation tax at the standard rate of 20.25% / 21.5%	0	0
Adjustment in respect of prior years	0	0
	<u>0</u>	<u>0</u>
<b>Deferred tax</b>		
Charge / (credit) to the profit and loss account	0	0
Adjustment in respect of prior periods	0	0
Adjustment in respect of change in tax rates	0	0
Tax losses carried forward	0	0
Fixed assets timing differences	0	0
Fixed assets timing differences	0	0
Short term timing differences	0	0
	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Taxation charge / (credit) for the year	<u>0</u>	<u>0</u>

(b) Reconciliation of the total tax charge

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 20.25% (2014: 21.5%). The actual tax charge for the year differs from the standard rate of UK corporation tax for the reasons set out in the following reconciliation.

	2015	2014
	£	£
<b>Profit / (loss) before tax</b>	295.004	23.590
Tax on profit / (loss) on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.5%)	59.728	5.070
Effects of:		
(Income)/expenses not (taxable)/deductible for tax purposes	(127.746)	306
Tax losses utilised	0	(9,239)
Movement in unrecognised deferred tax	3.762	3.862
Changes in tax laws and rates	261	0
Group relief surrendered	63.995	0
<b>Total tax expense reported in the income statement</b>	<u>0</u>	<u>0</u>

Details of recognised and unrecognised deferred tax assets are shown below.

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### (c) Change in Corporation Tax rate

The tax rates to be used are those which have been enacted or substantively enacted by the balance sheet date. For UK tax rates, 'substantively enacted' means that the Act or other measure legislating that rate has passed through all stages of reading by the House of Commons (ie the act has had its third reading). Finance No.2 Bill 2015 became substantively enacted on 26 October 2015, and as such the tax rate was reduced from 20% to 19% effective 1 April 2017 and to 18% effective 1 April 2020. It was announced in the 2016 Budget that the tax rate will further reduce to 17% from 1 April 2020; when this is enacted it is not expected to have a material impact on the accounts.

Under FRS 101, deferred tax should be measured using the tax rates that are expected to apply to the reversal of the timing differences. As such, deferred tax has been calculated at 19%.

### (d) Deferred tax

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

	2015	2014
	£	£
<b>Deferred tax liability</b>		
	0	0
	<u>0</u>	<u>0</u>
<b>Deferred tax asset</b>		
Fixed assets	5.307	2.840
Short term temporary differences	6.824	6.206
Trade losses	130.090	136.937
	<u>142.221</u>	<u>145.983</u>
<b>Disclosed on the balance sheet</b>		
Deferred tax asset	<u>0</u>	<u>0</u>
Deferred tax liability	<u>0</u>	<u>0</u>

There are no recognised deferred tax assets or liabilities.

The company has estimated tax losses of £684,684 (2014:£686,669) available to carry forward against future trading profits. The related deferred tax asset is not recognised (2014 - not recognised). The directors do not believe at this stage it is probable that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be offset.

Deferred tax asset/ (liability) is provided as follows:

	Fixed assets		Other	
	2015	2014	2015	2014
	£	£	£	£
Deferred tax asset as at 1 January	0	0	0	0
(Charge)/credit to profit and loss account	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred tax asset as at 31 December	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### 10. INTANGIBLE FIXED ASSETS

	Goodwill GBP	Total GBP
<b>Cost</b>		
At 1 January 2015	590.753	590.753
Additions	0	0
Disposals	0	0
Write off	0	0
At 31 December 2015	<u>590.753</u>	<u>590.753</u>
<b>Amortisation</b>		
At 1 January 2015	-413.614	-413.614
Additions	0	0
Disposals	0	0
Impairment Charge for the year	-177.139	-177.139
At 31 December 2015	<u>-590.753</u>	<u>-590.753</u>
<b>Net book value</b>		
At 31 December 2015	0	0
At 1 January 2015	<u>177.139</u>	<u>177.139</u>

The Goodwill arose from the acquisition of the former Johnson & Johnson breast-care business by Devicor. The sales activities in the UK are considered being the cash-generating unit.

The recoverable amount of the goodwill is determined on a value in use basis using cash flow projections based on financial budgets approved by the board covering a two-year period.

### 11. TANGIBLE FIXED ASSETS

	Furniture and Equipment GBP	OTL, Demo Units GBP	Total GBP
<b>Cost</b>			
At 1 January 2015	2.810	92.857	95.667
Additions	0	5.601	5.601
Disposals	0	-83.601	-83.601
At 31 December 2015	<u>2.810</u>	<u>14.857</u>	<u>17.667</u>
<b>Amortisation</b>			
At 1 January 2015	-2.810	-80.180	-82.990
Charge for the year	0	-284	-284
Disposals	0	72.177	72.177
At 31 December 2015	<u>-2.810</u>	<u>-8.287</u>	<u>-11.097</u>
<b>Net book value</b>			
At 31 December 2015	0	6.570	6.570
At 1 January 2015	<u>0</u>	<u>12.677</u>	<u>12.677</u>

The tangible fixed assets are not pledged as security for liabilities.

There are no contractual commitments for the acquisition of property, plant and equipment.

There is no temporarily idle property, plant and equipment.

There is no property, plant and equipment retired from active use and held for disposal.



# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### 12. INVESTMENTS

	2015 GBP	2014 GBP
Devicor Medical Korea Limited	334.790	334.790
	<u>334.790</u>	<u>334.790</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Devicor Medical UK Limited owns shares in its subsidiary, as detailed below:

<i>Name of undertaking</i>	<i>Country of incorporation</i>	<i>Description of shares held</i>	<i>% of shares held</i>
Devicor Medical Korea Limited	Republic of Korea	Ordinary	100

### 13. STOCKS

	2015 GBP	2014 GBP
Finished goods and goods for resale	0	485
	<u>0</u>	<u>485</u>

The estimated replacement cost of stocks does not differ significantly from the above.  
The stocks are not pledged as security for liabilities.

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

	2015 GBP	2014 GBP
Trade debtors	145.948	179.438
Amounts owed by other group undertakings	1.299.447	2.293.121
Other debtors	8.497	7.947
	<u>1.453.892</u>	<u>2.480.506</u>

No debtors were falling due after more than one year.

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

	2015 GBP	2014 GBP
Trade creditors	38.415	0
Amounts owed to other group undertakings	1.597.056	2.989.664
Other taxation and social security	48.788	67.262
Accruals and deferred income	85.688	235.024
	<u>1.769.947</u>	<u>3.291.950</u>

# DEVICOR MEDICAL UK LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2015

### 16. CALLED UP SHARE CAPITAL

	2015 GBP	2014 GBP
Called up, allotted and fully paid	<u>3</u>	<u>3</u>

### 17. GUARANTEES AND OBLIGATIONS UNDER LEASES

#### Guarantees

The company has provided for the following guarantees at 31 December 2015:

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

#### Obligations under finance leases

The Company does not use finance leases.

#### Operating lease agreements

Material leasing agreements are two leased cars used by the two sales representatives. Future minimum rentals payable under non-cancellable operating leases are as follows:

	Leasing Cars 2015 GBP	Leasing Cars 2014 GBP
Not later than one year	14.628	14.628
After one year but more than five years	15.847	30.475
After five years	<u>0</u>	<u>0</u>
	<u>30.475</u>	<u>45.103</u>

### 18. PENSION ARRANGEMENTS

#### Defined contribution schemes

The company operates a defined contribution pension scheme for the benefit of an employee. The assets of the scheme are not held separately from those of the company.

## **DEVICOR MEDICAL UK LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2015**

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

The company's immediate parent undertaking is Devicor Medical Products Inc., a company incorporated in the USA.

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

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

#### **20. RELATED PARTY DISCLOSURES**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.