Company Registration No. 07105768

LAUNCHCHANGE OPERATIONS LIMITED

Report and Financial Statements

31 December 2017

LAUNCHCHANGE OPERATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2017

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LAUNCHCHANGE OPERATIONS LIMITED

REPORT AND FINANCIAL STATEMENTS 2017

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

F T McFaden
K G Ward
P B Whitehead

REGISTERED OFFICE

19 Jessops Riverside
800 Brightside Lane
Sheffield
S9 2RX

BANKERS

HSBC Bank plc
8 Canada Square
London
E14 5HQ

AUDITORS

Ernst & Young LLP
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

LAUNCHCHANGE OPERATIONS LIMITED

STRATEGIC REPORT

REVIEW OF BUSINESS

The principal activity of the company is that of an investment holding company. The company also contains debt listed on The International Stock Exchange (TISE) which is held by DCHY Ltd, a group undertaking. The company expects to continue current activities.

The profit after taxation for the year was £63,153,000 (2016: £32,033,000) and total comprehensive income was £63,961,000 (2016: £30,982,000). During the year Launchchange Operations Limited received dividends of £87,000,000 (2016: £54,000,000).

During the year Launchchange Operations Limited did not pay a dividend in respect of its ordinary shares (2016: £nil).

During the year Launchchange Operations Limited did not pay a dividend in respect of its D preference shares (2016: £134,068).

The Danaher Group manages its Key Performance Indicators (KPIs) at a segmental and geographical level. As this is an investment company, there are no relevant KPIs in respect of this entity.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is integrated into the process of planning and performance management at a Group level and is monitored by Danaher Group through quarterly performance reviews. Company level risks have been considered and classified as credit risk, interest rate risk, liquidity risk and investment risk.

Credit risk is the risk that a counterparty to a financial instrument causes the company to suffer a financial loss by failing to discharge its obligations. Company policies are aimed at minimising such losses which are mitigated to a certain extent through the vast majority of all receivables being due from entities that are part of the Danaher group, which has significant resources. However, the company does continuously review its exposure to all debtors to ensure the carrying value is appropriate.

Interest rate risk is the risk that the company's interest exposure increases due to an adverse fluctuation in interest rates. The credit facilities in place have fixed rates of interest and are thus insulated against this risk. However, the amounts owed by group entities (receivables) are influenced by the UK base rate. The company reviews the interest rate charged periodically to ensure this risk is managed.

Liquidity risk is the risk that the company encounters difficulty in meeting its obligations as they fall due. The company aims to mitigate liquidity risk by effectively managing cash generation and cash collection. Liquidity risk is further mitigated by the availability of subsidiary entities to distribute dividends as and when required and access to the Danaher UK cash pool arrangements which provides significant levels of funding for the UK group entities within the cash pool which will cover temporary liquidity restraints if the need should arise.

Investment risk is the risk that the value of the company's investments could be adversely affected by changes in the underlying business of the companies. The company actively monitors the performance and underlying value of its investment companies, which are also monitored by the Danaher group, and where any impairment indicators occur will consider whether an impairment is required.

On behalf of the Board

K G Ward

Director

25 September 2018

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year to 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the company is that of an investment holding company.

FUTURE DEVELOPMENTS

The company does not expect to change its activity in the near future. It will continue to service interest obligations of the inter-group debt through distributions from subsidiaries and seek to identify further investment opportunities within its portfolio and externally.

DIRECTORS

The directors who served during the year were as follows:

F T McFaden
K G Ward
P B Whitehead

GOING CONCERN

The company is in a sound financial position as indicated by the level of its net assets and significant profit in the year. Whilst the company is in a net current liabilities position, it is able to draw on distributions from its subsidiary undertakings to fund current and future obligations, given the significant capital base of its subsidiaries. It is also part of one of the three multi-currency Danaher UK group cash pool arrangements to cover any liquidity restraints. Within these cash pools, each company has entered into unlimited cross guarantees in respect of bank borrowings with fellow participating companies. Each company is also subject to an indemnity offered by Danaher Corporation for all participating companies (for the period during which they remain wholly owned subsidiaries of Danaher Corporation), such that any liability falling on the company as a result of the borrowings from the bank of any other party to the cash pool arrangement will be borne by Danaher Corporation in the event of default. Further, the majority of liabilities are due to group undertakings and, if required, any payments can be deferred with the approval of Danaher Corporation.

The directors therefore have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

FINANCIAL INSTRUMENTS

The primary treasury objectives of the company are to identify and manage the financial risks that arise in relation to underlying business needs and to provide secure funding for the activities of the company. If appropriate, the company uses financial instruments to manage these risks.

The company finances its activities using inter-group funding, and using a group notional cash pooling facility to satisfy short term cash flow requirements. Other financial instruments are mainly inter-group receivables and those that arise directly from the operations of the company such as other debtors and creditors. No speculative trading in derivative financial instruments is undertaken.

Details of the risks and uncertainties on the use of financial instruments are set out in the Strategic Report and notes to the financial statements.

THIRD PARTY INDEMNITIES

Danaher Corporation has provided to all directors limited indemnities in respect of the cost of defending claims against them and third party liabilities. These are all third party indemnity provisions for the purpose of the Companies Act 2006 and are all currently in force.

DIRECTORS' REPORT

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when the Directors' Report is approved has confirmed that:

- *there is no relevant audit information, being information needed by the auditor in connection with* preparing its report, of which the auditors are unaware.
- having made enquiries of the company's auditor, the director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board

K G Ward

Director

25 September 2018

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Director's 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 LAUNCHCHANGE OPERATIONS LIMITED

Opinion

We have audited the financial statements of Launchchange Operations Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 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 as applied to listed entities 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.

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.

Overview of our audit approach

Key audit matters	• Impairment assessment of investments in subsidiaries • Verification of listed debit
Materiality	• Overall materiality of £7,350k which represents 1% of equity

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAUNCHCHANGE OPERATIONS LIMITED

Risk	Our response to the risk	Key observations communicated to those in governance
Investment impairment (£1,275,157k, PY comparative £1,184,683k) The principal activity of the company is that of a holding company. As a result, the company's principal risk is its dependency on the operations of its subsidiary undertakings and the risk of impairment over the investments held. Management on an annual basis assess subsidiary performance and perform an impairment assessment of the balances held. Following this assessment management quantifies whether any provision is required having considered the value of the respective investment group and the sensitivity of the valuation to changes in key assumptions. Based on the review performed at the balance sheet date, no additional impairment loss was recorded in the financial statements.	To address the identified risk, we have completed procedures as follows: ➢ We updated our understanding of management's annual impairment testing process to assess the recoverability of investment balances in subsidiaries. ➢ We obtained the client's calculation, which values the investments by assessing the value of the investment group. The valuation model is based on a multiple of EBITDA. ➢ We performed procedures to corroborate the accuracy of the data used in management's review and to assess the reasonableness of estimates and judgements made by management during the process. ➢ Adjustments to EBITDA were reviewed by EY internal valuations specialists to ensure they were appropriate and in line with client methodology and relevant accounting standards. ➢ We assessed the overall environment to establish whether there were any further indicators of impairment. ➢ We considered the appropriateness of related disclosures in the financial statements.	We have concurred with management's judgement that no additional provision is required.

Risk	Our response to the risk	Key observations communicated to those in governance
Listed debt (£460,800k, PY comparative £460,800k) The company has debt that is listed on The International Stock Exchange (TISE). The loan notes are issued to a group undertaking and interest is charged at 4% per annum. The loan notes are repayable in 2025. Management perfom a review to ensure that listed debt agrees to underlying loan documentation and the listing details on TISE. Based on management's review there is no change to the listed debt balance at the balance sheet date.	We performed procedures to validate the amount and disclosure of the listed loan notes: ➢ We obtained a direct confirmation of the amount owed and compared the listing details on TISE to the underlying loan documentation provided by management. ➢ We considered the adequacy of related disclosures in the financial statements.	We have concurred with management that the listed debt balance is appropriately stated and disclosed.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £7,350k (2016: £6,706k), which is 1% of equity (2016: 1% of equity). The company does not trade therefore an earnings or activity based measure was less relevant. A capital-based measure was deemed an appropriate basis as the company acts as a holding company. We used a low percentage due to the listed status of the company.

During the course of our audit, we reassessed initial materiality and no change was required.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2016: 50%) of our planning materiality, namely £5,513k (2016: £3,353k). We have set performance materiality at 75% as there were no audit differences in the prior year and a lower likelihood of misstatements generally due to the non-complex nature of the company.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with those in governance that we would report to them all uncorrected audit differences in excess of £368k (2016: £335k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAUNCHCHANGE OPERATIONS LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst + Young LLP.

James Harris (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Southampton

26 September 2018

INCOME STATEMENT
For the year ended 31 December 2017

	Note	2017 £000	2016 £000
Operating expense	3	(1,330)	(89)
Income from investments	4	87,000	54,000
Interest receivable and similar income	5	1,089	1,410
Interest payable and similar expenses	6	(23,507)	(23,175)
Other finance costs - pensions	6	(26)	(9)
PROFIT BEFORE TAXATION		63,226	32,137
Tax charge on profit	7	(73)	(104)
PROFIT AFTER TAXATION		63,153	32,033

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

All activities derive from continuing operations.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Note	2017 £000	2016 £000
Profit for the year		63,153	32,033
Other comprehensive income:			
Items that cannot be reclassified to profit or loss:			
Remeasurement gains / (losses) on defined benefit pension plans	12	998	(1,298)
Related deferred tax	7	(190)	247
Total Comprehensive income for the year		63,961	30,982

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

LAUNCHCHANGE OPERATIONS LIMITED

Registered number 07105768

BALANCE SHEET
At 31 December 2017

	Note	2017 £000	2016 £000
FIXED ASSETS			
Investments	8	1,275,157	1,184,683
CURRENT ASSETS			
Debtors			
- due within one year	9	56,930	76,922
Deferred tax	7	-	229
		56,930	77,151
CREDITORS: amounts falling due within one year	10	(90,098)	(82,457)
Deferred tax	7	(34)	-
NET CURRENT LIABILITIES		(33,202)	(5,306)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,241,955	1,179,377
CREDITORS: amounts falling due after more than one year	11	(507,414)	(507,414)
DEFINED BENEFIT PENSION SCHEME ASSET/(DEFICIT)	12	182	(1,201)
NET ASSETS		734,723	670,762
CAPITAL AND RESERVES			
Called up share capital	13	131,934	131,934
Profit and loss account		602,789	538,828
TOTAL SHAREHOLDERS' FUNDS		734,723	670,762

These financial statements were approved by the Director on 25 September 2018.

K G Ward

Director

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

LAUNCHCHANGE OPERATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Ordinary share capital	Non redeemable preference shares	Profit and loss account	Total Shareholders funds
	£000	£000	£000	£000
At 1 January 2016	33	132,386	507,980	640,399
Profit and total comprehensive income for the year	-	-	30,982	30,982
Shares cancelled	-	(485)	-	(485)
Preference dividends paid	-		(134)	(134)
At 31 December 2016	33	131,901	538,828	670,762
Profit and total comprehensive income for the year	-	-	63,961	63,961
At 31 December 2017	33	131,901	602,789	734,723

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

NOTES TO THE ACCOUNTS
Year ended 31 December 2017

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

The financial statements of Launchchange Operations Limited (the "Company") for the year ended 31 December 2017 were authorised for issue by the directors on 25 September 2018 and the balance sheet was signed on the board's behalf by Keith Ward. Launchchange Operations Limited is a private company limited by shares and 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's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Danaher Corporation.

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

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017.

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 paragraph 79(a)(iv) of IAS 1;
(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; and
(i) the requirements of paragraphs 130(f)(ii)-130(f)(iii)) of IAS 36 Impairment of Assets.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

There are no changes to IFRS effective in 2017 which have a material impact on Launchchange Operations Limited.

2. ACCOUNTING POLICIES - CONTINUED

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, including estimates, have had the most significant effect on amounts recognised in the financial statements:

Impairment of investments

Where there are indicators of impairment management performs impairment tests based on fair value less cost to sell or value in use. Such tests will include estimates such as forecast profits, market valuations and discount rates. Changes in these estimates can have a significant impact on the impairment test assessment outcome.

2.4 SIGNIFICANT ACCOUNTING POLICIES

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Income Statement.

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 enforcement 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.

NOTES TO THE ACCOUNTS - CONTINUED
Year ended 31 December 2017

2. ACCOUNTING POLICIES - CONTINUED

2.4 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pension and other post employment benefits

The cost of defined benefit pensions plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are future reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective county. Further details are given in note 12.

Pension costs

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total comprehensive income, actuarial gains and losses.

The Company also operates a stakeholder pension scheme which is accounted for as a defined contribution scheme. As such the assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payment to the scheme in respect of the accounting period.

Investments

Investments are stated at cost less provision for impairment.

Investment impairment

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.

2. ACCOUNTING POLICIES - CONTINUED

2.4 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial instruments

i) Financial assets

The Company's financial assets include cash and other receivables.

Non-derivative financial assets are classified as either 'available for sale' financial assets or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables – Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents – Cash and cash equivalents comprise balances on bank accounts, cash in transit and cash floats held in the business.

Finance income is accounted for on an accruals basis and credited to the Income Statement when receivable.The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets, other than those at fair value through profit of loss (FVTPL), are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cashflows of the investment have been impacted. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets

ii) Financial liabilities

The Company's financial liabilities include trade and other liabilities.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. All financial liabilities are classified as 'other financial liabilities' and are initially measured at fair value net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

3. OPERATING EXPENSE

Operating expense is stated after charging / (crediting):

	2017 £000	2016 £000
Auditors' remuneration		
- audit	12	12
Exchange differences	65	(107)

NOTES TO THE ACCOUNTS - CONTINUED
Year ended 31 December 2017

3. OPERATING EXPENSE (CONTINUED)

a) Staff costs

	2017	2016
	£000	£000
Wages and salaries	1,256	1,258
Social security costs	423	393
Pension	93	76
	1,772	1,727

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

Management and administration	14	13

Salary costs of £1,553,000 are recharged to Danaher Corporation to leave a charge in the income statement of £126,000.

b) Directors remuneration

The Directors of this company provide services to this company and a number of other group companies.

The salaries of the Director's (K G Ward and P B Whitehead) are paid by Launchchange Operations Limited and recharged to Danaher Corporation. The proportion of their salary relating to services provided to this company on the basis of time spent is as follows:-

	2017	2016
	£000	£000
K G Ward	140	128
P B Whitehead	391	474

F T McFaden is not paid by Launchchange Operations Limited and the proportion of salary relating to services provided to this company is insignificant.

NOTES TO THE ACCOUNTS - CONTINUED
Year ended 31 December 2017

4. INCOME FROM INVESTMENTS

	2017 £000	2016 £000
Dividends received	87,000	54,000
	87,000	54,000

During the year, Launchchange Operations Limited received the following dividends:-

On 24 August 2017, Launchchange Holdings Limited declared a dividend of £42,000,000 to Launchchange Operations Limited and this was settled by waiver of a £42,000,000 interest free loan (2016: £nil).

On 21 November 2017, Leica Biosystems Newcastle Limited declared and paid a cash dividend of £25,000,000 to Launchchange Operations Limited.

On 21 November 2017, Pall Manufacturing UK Limited declared and paid a cash dividend of £20,000,000 to Launchchange Operations Limited.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £000	2016 £000
Interest receivable from fellow group undertakings	955	1,055
Bank interest receivable	134	355
	1,089	1,410

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £000	2016 £000
Interest on loan notes issued to group undertaking	18,432	3,383
Interest payable to fellow group undertakings	4,777	19,725
Bank interest payable	283	67
Other finance cost - pensions	26	9
Other interest	15	-
	23,533	23,184

7. TAX ON PROFIT

(a) Tax charged in the income statement

	2017 £000	2016 £000
Current tax		
UK corporation tax at the standard rate of 19.25% / (2016: 20%)	-	-
	-	-
Deferred tax		
Defined benefit pension scheme	73	104
Taxation charge for the year	73	104

(b) Tax relating to items charged or (credited) to other comprehensive income

	2017 £000	2016 £000
Current tax		
UK corporation tax at the standard rate of 19.25% / (2016: 20%)	-	-
	-	-
Deferred tax		
Defined benefit pension scheme	190	(247)
Tax expense/(credit) in the statement of other comprehensive income	190	(247)

NOTES TO THE ACCOUNTS - CONTINUED
Year ended 31 December 2017

7. TAX ON PROFIT (CONTINUED)

(c) Reconciliation of the total tax charge

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19.25% (2016: 20%). 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.

	2017	2016
	£000	£000
Profit before tax	63,226	32,137
Tax on profit at standard UK corporation tax rate of 19.25% (2016: 20%)	12,169	6,427
Effects of:		
Expenses not deductible	-	62
Income non-taxable	(16,802)	(11,070)
Difference in tax rates	(1)	(6)
Transfer pricing adjustments	(122)	(45)
Group relief	4,829	4,736
Total tax expense reported in the income statement	73	104

Details of recognised and unrecognised deferred tax are shown below.

(c) Deferred tax

Reconciliation of movement on deferred tax:

	2017	2016
	£'000	£'000
Deferred tax asset at 1 January 2017	229	86
Charged to the Income Statement	(73)	(104)
Credited to Statement of Comprehensive Income	(190)	247
Deferred tax (creditor)/asset at 31 December 2017	(34)	229

The deferred tax (creditor)/asset included in the company balance sheet is as follows:

	2017	2016
	£'000	£'000
Pension	(34)	229
	(34)	229

Deductible share options are only recognised when the share options are exercised thus the deferred tax asset of £140,000 (2016: £886,000) in relation to share options has not been recognised.

NOTES TO THE ACCOUNTS - CONTINUED
Year ended 31 December 2017

7. TAX ON PROFIT (CONTINUED)

(d) Tax rates

The Summer Finance Act 2015 included legislation to reduce the main rate of corporation tax to 19% effective from 1 April 2017. The Finance Act 2016 included legislation to reduce the main rate of corporation tax to 17% effective from 1 April 2020.

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%.

8. FIXED ASSET INVESTMENTS

	Other investments £000	Subsidiary undertakings £000	Total £000
Cost			
At 1 January 2017	139,023	1,222,331	1,361,354
Additions	-	90,474	90,474
At 31 December 2017	139,023	1,312,805	1,451,828
Impairment			
At 1 January 2017 and 31 December 2017	-	176,671	176,671
Carrying value			
At 31 December 2017	139,023	1,136,134	1,275,157
At 1 January 2017	139,023	1,045,660	1,184,683

On 27 October 2017 Launchchange Operations Limited acquired ID Business Solutions Limited, the UK based parent company of the IDBS group for £90,474,021 cash. IDBS is a global provider of software for research and development organization, primarily targeting the pharmaceutical industry.

NOTES TO THE ACCOUNTS - CONTINUED
Year ended 31 December 2017

8. FIXED ASSET INVESTMENTS (CONTINUED)

Subsidiary undertakings

Subsidiaries and directly held significant investments are as follows:

Company name	Registered office	Class of shares held	Proportion of the nominal value of shares held (%)	Direct or Indirect holding
AB Sciex UK Limited	19 Jessops Riverside, 800 Brightside Lane, Sheffield, S9 2RX, United Kingdom	Ordinary shares	100	Direct
Phenomenex Ltd.	Melville House Queens Avenue, Hurdsfield Industrial Estate, Macclesfield, Cheshire, SK10 2BN, United Kingdom	Ordinary shares	100	Indirect
Hach Lange Ltd	19 Jessops Riverside, 800 Brightside Lane, Sheffield, S9 2RX, United Kingdom	Ordinary shares	100	Direct
ID Business Solutions Ltd	2 Occam Court, Occam Road, Surrey Research Park, Guildford, Surrey, GU2 5QB, United Kingdom	Ordinary shares	100	Direct
ID Business Solutions Inc.	1301 Marina Village Parkway, Suite 320, Alameda CA 94501, United States	Common stock	100	Indirect
SubX, Inc.	3rd Fl., 2 Cotton Street, Portland ME 04101, United States	Common stock	100	Indirect
IDBS (Hong Kong) Ltd	4/F Three Pacific Place, 1 Queen's Road East, Hong Kong	Ordinary shares	100	Indirect
IDBS Asia-Pacific Limited	2 Occam Court, Occam Road Surrey Research Park, Guildford, Surrey, England, GU2 5QB, United Kingdom	Ordinary shares	100	Indirect
InforSense Limited	2 Occam Court, Occam Road Surrey Research Park, Guildford, Surrey, England, GU2 5QB, United Kingdom	Ordinary shares	100	Indirect
ID Business Solutions (Shanghai) Limited	Room 103, 1/F, No. 51, Lane 588, Shuping Road, Juyuan New Area, Jiading District, Shanghai, China	Ordinary shares	100	Indirect
InforSense LLC	1301 Marina Village Parkway, Suite 320, Alameda CA 94501, United States	Ordinary shares	100	indirect
Launchchange Holdings Limited	19 Jessops Riverside, 800 Brightside Lane, Sheffield, S9 2RX, United Kingdom	Ordinary shares	100	Direct
DH UK Finance Limited	19 Jessops Riverside, 800 Brightside Lane, Sheffield, S9 2RX, United Kingdom	Ordinary shares	100	Indirect

8. FIXED ASSET INVESTMENTS (CONTINUED)

Company name	Registered office	Class of shares held	Proportion of the nominal value of shares held (%)	Direct or Indirect holding
Launchchange Finance Limited	19 Jessops Riverside, 800 Brightside Lane, Sheffield, S9 2RX, United Kingdom	Ordinary shares	100	Indirect
Leica Biosystems Newcastle Limited	19 Jessops Riverside, 800 Brightside Lane, Sheffield, S9 2RX, United Kingdom	Ordinary shares	100	Direct
Leica Microsystems (UK) Limited	Lothbury House, Newmarket Road, Cambridge, CB5 8PB, United Kingdom	Ordinary shares	100	Direct
Linx Printing Technologies Limited	Linx House, 8 Stocks Bridge Way, Compass Point Business Park, St Ives, Cambridgeshire, PE27 5JL, United Kingdom	Ordinary shares	100	Direct
Pall Manufacturing UK Limited	5 Harbourgate Business Park, Southampton Road, Portsmouth, Hampshire, PO6 4BQ, United Kingdom	Ordinary shares	100	Direct
Pall Europe Limited	5 Harbourgate Business Park, Southampton Road, Portsmouth, Hampshire, PO6 4BQ, United Kingdom	Common shares	100	Indirect
Videojet Technologies (Nottingham) Limited	4 & 5 Ermine Centre, Lancaster Way, Huntingdon, England, PE29 6XX, United Kingdom	Ordinary shares	100	Direct
Videojet Technologies Limited	4 & 5 Ermine Business Centre, Lancaster Way, Huntingdon, Cambridgeshire, PE29 6XX, United Kingdom	Ordinary shares	100	Direct

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Amounts owed by other group undertakings	56,862	76,868
Other debtors	68	54
	56,930	76,922

Interest is charged on amounts owed by other group undertakings at UK Base Rate plus 1%.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Bank overdraft	27,136	13,935
Trade creditors	59	118
Amounts owed to other group undertakings	62,791	68,176
Accruals and deferred income	112	228
	90,098	82,457

Amounts owed to group undertakings includes four loans that are repayable on demand.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £000	2016 £000
Listed loan notes issued to group undertaking	460,800	460,800
Amounts owed to other group undertakings	46,614	46,614
	507,414	507,414

The listed loan notes are held by DHCY Limited. The loan notes are listed under the terms of The International Stock Exchange (TISE), formerly the Channel Islands Stock Exchange. Interest is charged at 4% per annum with an early prepayment option and no security given. The notes are repayable 15th December 2025.

Amounts owed to other group undertakings includes an unsecured loan of £45,756,300 due to Danaher UK Industries (2006) Limited. The loan is repayable 31 December 2029 and interest is charged at 10% per annum.

12. PENSION ARRANGEMENTS

Defined benefit scheme

The Jacobs Manufacturing Company Limited Retirement Benefit Scheme' is a final salary plan and provides benefits linked to salary at retirement or earlier date of leaving service. The scheme is closed to future accrual and closed to new entrants.

The last formal funding review valuation had an effective date of 5 April 2016. The Company agreed with the Trustees of the Scheme to make good the deficit revealed by making payments of £411,240 pa until 31 January 2022. The Company also directly meets the expenses of operating the Scheme (including the Pension Protection levy). The next formal funding review valuation is due with an effective date of 5 April 2019.

Expected future benefit payments:

	£000
2018	294
2019	308
2020	322
2021	346
2022	353
2022-2026	1,999

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

i. Analysis of the total operating charge

	2017 £000	2016 £000
Current service cost	-	30
Past service cost	-	(155)
Settlements or curtailments	-	-
Total operating charge	-	(125)

ii. Analysis of the amount charged to other finance costs

	2017 £000	2016 £000
Other finance cost	26	9
Total charge to the income statement	26	9

Other finance cost is included as a separate line in the Income Statement.

12. PENSION ARRANGEMENTS (CONTINUED)

iii. Analysis of the amount recognised in other comprehensive income

	2017 £000	2016 £000
Return on plan assets (excluding amounts included in net interest expense)	622	1,218
Experience gains and (losses) on obligations	(123)	63
Actuarial changes arising from changes in demographic assumptions	565	(34)
Actuarial changes arising from changes in financial assumptions	(66)	(2,545)
Recognised in the Statement of Other Comprehensive Income	998	(1,298)

A corresponding deferred tax credit of £190,000 (2016: charge of £247,000) has been recognised in the Statement of Other Comprehensive Income.

iv. Analysis of the amount recognised in the balance sheet

	2017 £000	2016 £000
Present value of funded obligations	(10,939)	(11,471)
Fair value of scheme assets	11,121	10,270
Net pension asset/(deficit)	182	(1,201)

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

	2017 £000	2016 £000
As at 1 January	11,471	9,165
Current service cost	-	30
Past service cost	-	(155)
Interest cost	292	349
Contributions by scheme participants	-	3
Benefits paid	(449)	(437)
Experience (gains) and losses	123	(63)
Actuarial (gains) and losses	(498)	2,579
As at 31 December	10,939	11,471

12. PENSION ARRANGEMENTS (CONTINUED)

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

	2017 £000	2016 £000
As at 1 January	10,270	8,713
Employer contributions	411	433
Interest income	267	340
Return on scheme assets excluding interest income	622	1,218
Contributions by scheme participants	-	3
Benefits paid	(449)	(437)
Actuarial gains and (losses)		-
As at 31 December	11,121	10,270

Changes in the net defined benefit asset / (obligation) are analysed as follows:

	2017 £000	2016 £000
As at 1 January	(1,201)	(452)
Employer contributions	411	433
Income / (expense) recognised in the income statement	(26)	116
Remeasurement gain / (loss) recognised in OCI	998	(1,298)
As at 31 December	182	(1,201)

The fair value of the major categories of scheme assets are as follows:

	Fair value of assets 2017 £000	Fair value of assets 2016 £000
Equities	4,751	4,352
Property	1,983	1,835
Index Linked Gilts	2,176	2,009
Corporate Bonds	2,176	1,959
Cash	35	115
Total fair value of assets	11,121	10,270

12. PENSION ARRANGEMENTS (CONTINUED)

The assumptions used for the actuarial valuation are shown below:

	2017	2016
Rate of increase in salaries	n/a	n/a
Rate of increase of pensions in payment		
- RPI subject to a cap of 5% p.a.	3.10%	3.20%
- RPI subject to a cap of 5% and a floor of 3% p.a.	3.10%	3.20%
- CPI subject to a cap of 2.5% p.a.	2.10%	2.20%
RPI Inflation	3.10%	3.20%
CPI Inflation	2.10%	2.20%
Discount rate	2.50%	2.60%

Sensitivity analysis

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

	2017 £000
Value of obligations at the end of the year if:	
Discount rate reduced by 0.50%	11,965
Discount rate increased by 0.50%	10,038

13. CALLED UP SHARE CAPITAL

	2017 £000	2016 £000
Authorised, called up, allotted and fully paid		
5,268 A class ordinary shares of £1 each (2016: 5,268)	5	5
27,690 B class ordinary shares of £1 each (2016: 27,690)	28	28
128,450,794 C class preference shares of £1 each (2016: 128,450,794)	128,450	128,450
3,451,000 E class preference shares of £1 each (2016: 3,451,000)	3,451	3,451
	131,934	131,934

£1.00 A Ordinary shares
The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

£1.00 Class B Ordinary Shares
The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

£1.00 Class C preference shares
The preference shares carry an entitlement to an 8.5% cumulative discretionary dividend and are non redeemable.
The preference shares do not entitle the holder or holders thereof to receive notice of any General Meeting of the company and do not entitle the holder or holders thereof to attend, speak or vote at any general meeting of the Company either in person or by proxy or by representative.

£1.00 Class E preference shares
The preference shares carry an entitlement to an 8.5% cumulative discretionary dividend and are non redeemable.
The preference shares do not entitle the holder or holders thereof to receive notice of any General Meeting of the company and do not entitle the holder or holders thereof to attend, speak or vote at any general meeting of the Company either in person or by proxy or by representative.

14. GUARANTEES

Within each group cash pool arrangement an unlimited multi-lateral guarantee exists between the United Kingdom based subsidiaries of Danaher Corporation and HSBC Bank plc. At year end the maximum amount of the guarantee is £8,000,000 (2016: £8,000,000).

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Danaher UK Industries (2006) Limited, a company registered in England and Wales. 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.

16. 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.