

VG Systems Limited

Annual report and financial statements for the year ended 31 December 2019

Company registration number: 03153085



VG SYSTEMS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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VG SYSTEMS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

A Smith
D Norman
E Cameron
S W Ahmed

Company Secretary

Oakwood Corporate Secretary Limited
R Gregg

Registered office

3rd Floor
1 Ashley Road
Altrincham
Cheshire
WA14 2DT

Bankers

Barclays Bank
1 Churchill Place
London
E14 5HP

Solicitors

Addleshaw Goddard
1 St Peter's Square
Manchester
M2 3DE

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

VG SYSTEMS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report on the company for the year ended 31 December 2019.

Review of the business and future developments

The directors are satisfied with the performance in the year as turnover growth continues to be strong. The directors expect to see this growth continue into 2020, given continued investment globally into Material Science research.

The company continues to invest in research and development. This is expected to maintain and expand the company's firm positioning in the market. Research and development expenditure during the year was £276,000 (2018: £1,543,000).

The prior year saw the end of the successful transition of manufacturing from the UK to another group undertaking production facility located in Brno in the Czech Republic.

While the recent outbreak of novel coronavirus (COVID-19) has had a significant impact on the economic activity around the world the company has not seen a material impact on its business results to the end of the second quarter of 2020. The company had proactively assessed COVID-19's impact on its operations and took preventative measures to ensure the company could continue to service its clients' needs within the current government guidelines. The situation will be continuously monitored going-forward, working with our clients and suppliers to ensure that the underlying business will remain strong for the foreseeable future.

Key performance indicators (KPI's)

The directors believe that the key performance indicators ('KPIs') are revenue growth and profitability. Turnover has increased from £27,923,000 to £36,532,000 as a result of a stronger performance in the APAC and European regions. The profit for the financial year was £7,694,000 (2018: £2,088,000) which will be transferred to reserves.

Cost of sales have increased at a proportionally lower rate than revenue resulting in an decrease in gross profit margins to 37% (2018: 29%). This is due to a change in the mix of products sold between 2018 and 2019.

Total operating margins increased in relation to sales to 19% (2018: 6%), which was in line with management expectations as a result of the product mix change.

Employee numbers reduced to 34 (2018: 42) in the year.

Net assets at 31 December 2019 were £32,300,000 (2018: £29,606,000).

Statement by the directors of their statutory duties in accordance with Section 172(1) of the Companies Act 2006

The directors of the company must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006 which is summarised as follows:

'Each director of the company has acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

As part of the director induction process, a director is briefed on their duties and they can access professional advice on these from the company secretary. The following paragraphs summarise how the directors' fulfil their duties.

VG SYSTEMS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Statement by the directors of their statutory duties in accordance with Section 172(1) of the Companies Act 2006 (continued)

Risk management

As we continue to grow our business our risk environment also becomes more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face and that we continue to evolve our approach to risk management.

For details of our principal risks and uncertainties and how we manage those risks, please refer to the principal risks section within the Strategic Report.

Business relationships

Our mission is to enable our customers to make the world healthier, cleaner and safer and as a result of this mission we have created a culture where our customers come first. Part of our business strategy is to continue to strengthen our company to be the partner customers rely on to help them achieve their goals. This is achieved through delivering a unique value proposition to our customers.

As a company we place great importance on building and maintaining strong relationships with our suppliers. The company is committed to meeting payment terms agreed with suppliers and we seek to resolve queries in an efficient and professional manner.

Our colleagues

None of our accomplishments would be possible without our team. Inspired by our mission, and grounded by our 4i values (integrity, intensity, innovation and involvement) this motivates our team to bring their best every day. It also helps us to attract and retain talent which is critical to our future.

We invest in our colleagues through numerous development programs that enrich their individual experiences, stress the importance of teams and build skills that set them up for success.

Further information can be found in the Directors' Report.

Community and environment

Our Mission is to enable our customers to make the world healthier, cleaner and safer. One way that we fulfil our Mission is by being a socially responsible community partner. Our giving strategy includes educational programs, colleague donations and volunteering.

Our signature STEM education programs connect students and colleagues through hands on and team based activities that highlight our technologies, make connections to careers in STEM and demonstrate how our company impacts the world.

To promote the generous spirit of our colleagues, our Charitable Giving Program provides a platform that allows them to contribute to causes that they feel passionately about. Through the program, employees can make direct donations to a charity of their choice, create a fundraiser - gathering greater support for a cause, or contribute to support a disaster relief campaign. Through our Employee Matching Gift program, we help employees make an even bigger impact by matching their contribution to eligible charities by 50%.

We feel it is important to support our community, throughout the year we encourage employees to take part in volunteering and charity events where our employees, together with our charity partners, take part in hands on volunteering.

The company is a part of Thermo Fisher Scientific Inc.'s global strategy to reduce our carbon footprint by 30% by 2030. As part of this global initiative we are committed to reviewing and reducing greenhouse gas emissions.

VG SYSTEMS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Statement by the directors of their statutory duties in accordance with Section 172(1) of the Companies Act 2006 (continued)

Community and environment

Principal risks and uncertainties

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

Commercial risk

The company continues to improve its services in order to maintain and develop its market place penetration as evidenced by the investment in research and development of new products.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, currency risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

In order to ensure stability of cash outflows and hence manage interest rate risk, the company is supported by fellow group operations. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

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 of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is continually reviewed by the senior management team.

Currency risk

The company is exposed to currency risk as a result of its operations. However, given the size of the company's operations, the cost of managing the exposure to currency risk through the use of derivative financial instruments exceeds any potential benefits, and as such no hedge accounting is applied. The company operates foreign currency bank accounts in order to offset foreign currency receipts and payments.

VG SYSTEMS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Interest rate cash flow risk

The company has interest bearing assets being cash balances only, all of which earn interest at a variable rate. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. Interest payable is on group loans only and therefore management of cash flows is taken account of as part of the group's financing activity.

Brexit

On 23 June 2016 the UK held a referendum on the UK's continuing membership of the European Union the outcome of the vote determined that the United Kingdom would leave the European Union. As a result the United Kingdom left the European entity on 31 January 2020 and entered into a period of transition. Until the Brexit transitional period and negotiations have concluded is it difficult to anticipate the potential impact on the company. The company continues to monitor the developments and potential impacts of Brexit.

COVID-19

The company has assessed the risks and uncertainties associated with the ongoing COVID-19 global pandemic and they do not believe that they will materially affect the company's operation. The management team have implemented various protocols and procedures to mitigate the operating risk which has allowed the business to continue to operate as normal. The company continues to monitor the developments and potential impacts of the pandemic.

On behalf of the board

DocuSigned by:

Euan Cameron

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E Cameron

Director

11 September 2020

VG SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Future developments

Future developments are deemed to be of strategic importance to the company and as such have been outlined within the strategic report.

Dividends

During the year the directors approved an interim dividend of £2,500,000 (2018: £nil) per ordinary share amounting to £5,000,000 (2018: £nil) and do not recommend the payment of a final dividend.

Financial risk management and research and development

Disclosures relating to these areas are included in the strategic report.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

A Smith
D Norman
E Cameron
S W Ahmed (appointed 23 March 2020)
L Grant (resigned 3 December 2019)

Third party indemnity provision

The company has made qualifying third party indemnity provisions for the benefit of its directors (which extend to the performance of any duties as a director of any associated company) and these remain in force at the date of this report.

Research and development

The company encourages research and development investment. Research and development programmes are managed to obtain a balance between improvements to existing products and development of new products.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

VG SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of directors' responsibilities (continued)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

Stakeholder engagement statement

For details on stakeholder engagements, please see the 'Business Relationships' section of the Strategic Report.

Employee engagement statement

For details on employee engagements, please see the 'Our Colleagues' section of the Strategic Report.

Statement of disclosure of information to auditors

Each of the persons who are a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- Each director has taken all the steps that he/she should have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

VG SYSTEMS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

On behalf of the board

DocuSigned by:

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E Cameron
Director
11 September 2020

VG SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VG SYSTEMS LIMITED

Independent auditors' report to the members of VG Systems Limited

Report on the audit of the financial statements

Opinion

In our opinion, VG Systems Limited's financial statements:

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

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

VG SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VG SYSTEMS LIMITED

Strategic Report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 8-9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Alex Crompton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
11 September 2020

VG SYSTEMS LIMITED**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****PROFIT AND LOSS ACCOUNT**

		<u>Year ended 31 December</u>	
	Note	2019	2018
		£'000	£'000
Turnover	5	36,532	27,923
Cost of sales		(22,917)	(20,010)
Gross profit		13,615	7,913
Distribution costs		(2,173)	(1,360)
Administrative expenses		(4,342)	(4,103)
Restructuring costs		(55)	(672)
Other operating income	6	129	—
Operating profit	6	7,174	1,778
Profit before interest and taxation		7,174	1,778
Interest receivable and similar income	8	699	363
Interest payable and similar expenses	8	(39)	—
Net interest income	8	660	363
Profit before taxation		7,834	2,141
Tax on profit	9	(140)	(53)
Profit for the financial year		7,694	2,088

Results in the current and previous financial year are from continuing operations only. There is no difference between the profit for the year stated above and the total comprehensive income for the year, therefore no separate statement of comprehensive income is presented in these financial statements

VG SYSTEMS LIMITED**BALANCE SHEET**

		As at 31 December	
	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	10	170	265
		170	265
Current assets			
Inventories	11	917	1,926
Debtors	12	40,714	34,938
Cash at bank and in hand		—	2,616
		41,631	39,480
Creditors: amounts falling due within one year	13	(8,158)	(7,810)
Net current assets		33,473	31,670
Total assets less current liabilities		33,643	31,935
Provisions for liabilities	15	(1,343)	(2,329)
Net assets		32,300	29,606
Capital and reserves			
Called up share capital	18	—	—
Capital reserve		7,652	7,652
Retained earnings		24,648	21,954
Total equity		32,300	29,606

The notes on pages 16 to 31 are an integral part of these financial statements.

The financial statements on pages 13 to 31 were authorised for issue by the board of directors on 11 September 2020 and were signed on its behalf

DocuSigned by:

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E Cameron

Director

VG Systems Limited

Company registration number: 03153085

VG SYSTEMS LIMITED**STATEMENT OF CHANGES IN EQUITY**

	Note	£'000 Called up share capital	£'000 Capital reserve ¹	£'000 Retained earnings	£'000 Total equity
Balance as at 1 January 2018		—	7,652	19,866	27,518
Profit for the financial year		—	—	2,088	2,088
Balance as at 31 December 2018		—	7,652	21,954	29,606
Balance as at 1 January 2019		—	7,652	21,954	29,606
Profit for the financial year		—	—	7,694	7,694
Dividends	18	—	—	(5,000)	(5,000)
Balance as at 31 December 2019		—	7,652	24,648	32,300

¹ Capital reserve represents the capital contribution from the company's parent undertaking to acquire the assets and liabilities passed down from SID Instruments Inc, the parent company at the date of acquisition on 31 March 1996.

VG SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General Information

VG Systems Limited ('the company') manufactures and sells scientific equipment and systems to the UK and the rest of the world.

The company is a private company limited by shares and is incorporated in the United Kingdom and registered in England. The address of its registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire WA14 2DT.

2. Statement of compliance

The individual financial statements of VG Systems Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-size Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

3. Summary of significant accounting policies

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

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit and loss account in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going Concern

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future. The company's forecasts and predictions, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current liabilities. After making enquiries, the directors have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

COVID-19

The COVID 19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by both the UK and foreign governments to contain the virus have impacted economic activity around the world. The company has taken a number of measures to monitor and prevent the effects of the COVID 19 virus such as safety and health measures for our people (social distancing, working from home etc.) and implementing additional protocols at our sites to keep them operating safely. At this stage, management has determined that the impact of COVID 19 does not impact the entities ability to continue as a going concern. The company will continue to monitor the situation and potential impact to our business.

VG SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions.

Cash flow statement and related party disclosures

The company is included in the consolidated financial statements of Thermo Fisher Scientific Inc. which are publicly available. Consequently, as the company is a 100% owned subsidiary, the company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Thermo Fisher Scientific Inc., includes the company's cash flows in its own consolidated financial statements. The company is also exempt under the terms of FRS 102 paragraph 33.1 from disclosing related party transactions with entities that are part of the Thermo Fisher Scientific Inc. group (see note 22).

Key Management Compensation

The company has taken advantage of the exemption under FRS 102 para 33.7 from disclosing its key management personnel compensation in total as this is disclosed in full in the consolidated group financial statements.

Share-based payments

The company has taken advantage of the exemption under FRS 102 para 26.16 where the company is a member of a group share-based payment arrangement and where the company's expense is based on a reasonable allocation and disclosed in full in the consolidated group financial statements.

Foreign currency

(i) Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transactions is included as an exchange gain or loss in the Profit and Loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary items measured at historical costs are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss account within 'Finance (expense) / income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses) / gains'.

Turnover recognition

Turnover is measured at the fair value of the consideration received or receivable and represents the amount received for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. Turnover on services provided is recognised to the extent that contractual obligations to customers have been fulfilled.

VG SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Summary of significant accounting policies (continued)

Turnover recognition (continued)

Amounts in respect of services where the company provides a service to customers over a period are deferred to the balance sheet and recognised as turnover on a straight-line basis over the period to which the contracts rule.

The company recognises turnover from the sale of goods when all the following conditions are satisfied:

- (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of Turnover can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recognised using the effective interest rate method.

Employee benefits

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

(i) Short term benefits

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

(ii) Defined contribution pension plans

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

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

Annual bonus plan

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

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

VG SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Summary of significant accounting policies (continued)

Taxation (continued)

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and costs attributable to bringing the asset into its working condition for its intended use.

Plant and machinery and fixtures, fittings, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

The fixed assets have been depreciated on a straight-line basis at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its expected useful economic life in the company's business, and the rates are as follows:

Leasehold improvements	– Over the life of the lease on a straight-line basis
Fixtures, fittings and computer equipment	– 3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

VG SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Summary of significant accounting policies (continued)

Tangible assets (continued)

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

Finance leased assets

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related Turnover is recognised.

The company uses a local standard costing method to determine cost. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition. The cost of manufactured finished goods and work in progress includes design costs, raw materials, direct labour and other direct costs and related production overheads (based on normal operating capacity).

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions and contingencies

Provisions

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

VG SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. Summary of significant accounting policies (continued)

Provisions and contingencies (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular:

(i) Restructuring provisions are recognised when the company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

(ii) Provision is not made for future operating losses.

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

(iv) Warranty provision

Included within the standard sales value of products supplied by the company are warranties covering a period of 12 months from the date of sale. Provision is made for the estimated costs expected to arise in respect of these warranty obligations.

Contingencies

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

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

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

VG SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2019****3. Summary of significant accounting policies (continued)****Financial instruments (continued)**

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

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

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

VG SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****4. Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

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

(i) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the net carrying amount of the debtors and associated impairment provision.

(ii) Warranty provision

Included within the standard sales value of products supplied by the company are warranties covering various periods of cover from the date of sale. Provision is made for the estimated costs expected to arise in respect of these warranty obligations.

5. Turnover

Turnover by geography	2019	2018
	£'000	£'000
United Kingdom	1,217	1,252
Rest of Europe	7,665	4,210
Rest of World	27,650	22,461
	36,532	27,923
Turnover by nature	2019	2018
	£'000	£'000
Sales of goods	34,615	26,428
Rendering of services	1,917	1,495
	36,532	27,923

VG SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****6. Operating profit**

The operating profit is stated after charging/(crediting):

	Note	2019 £'000	2018 £'000
Wages and salaries		1,672	1,891
Social security costs		349	440
Other pension costs	14	112	155
Staff costs		2,133	2,486
Restructuring costs		55	293
Loss/(profit) on disposal of tangible fixed assets		—	21
Impairment of trade receivables		183	21
Inventory recognised as an expense		20,963	16,617
Impairment of inventory (included in 'cost of sales')		(287)	97
Operating lease charges			
- Plant and machinery		—	16
- Other		—	198
Depreciation of tangible fixed assets			
- Owned assets		94	139
Foreign exchange (gain) / loss		(4)	171
Auditors' remuneration:			
- Audit fees payable to the company's auditors		51	47
Research and development		276	1,543

7. Employees and directors

By activity	2019 Number	2018 Number
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Average monthly numbers of persons employed (including directors) by the company during the year was:

Sales and marketing	9	8
Manufacturing	12	17
Research and development	9	12
Administration	4	5
	34	42

Directors

Directors' emoluments represent an allocation of their services to this company. Directors' emoluments were borne by another group company, Thermo Electron (Management Services) Limited.

	2019 £'000	2018 £'000
Aggregate emoluments	6	4
Aggregate amounts (including shares) receivable under long-term incentive schemes	1	2
	7	6

VG SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****7. Employees and directors (continued)**

Retirement benefits accrued to no directors (2018: no directors) under a defined benefit scheme.
Retirement benefits accrued to 4 (2018: 4) directors under a money purchase pension scheme.

During the year 2 directors (2018: 3 directors) exercised options over shares of Thermo Fisher Scientific Inc.

In 2019 4 (2018: 4) directors were entitled to shares under a long-term incentive scheme.

8. Net interest income**Interest payable and similar expenses**

	2019	2018
	£'000	£'000
Interest payable on overdrafts and bank loans	(39)	—
Total interest payable and similar expenses	(39)	—

Interest receivable and similar income	2019	2018
	£'000	£'000
Bank interest receivable	—	129
Interest receivable from group undertakings	699	234
Total interest receivable and similar income	699	363

Net interest income

	2019	2018
	£'000	£'000
Total interest receivable and similar income	699	363
Total interest payable and similar expenses	(39)	—
Net interest income	660	363

VG SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****9. Tax on profit**

Tax expense included in profit and loss

	Note	2019 £'000	2018 £'000
Current tax			
UK corporation tax on profits for the year		65	—
Adjustment in respect of previous periods		65	19
Total current tax		130	19
Deferred tax			
Origination and reversal of timing differences		21	(57)
Impact of changes in tax rates		—	6
Adjustments in respect of previous periods		(11)	85
Total deferred tax	16	10	34
Tax on profit		140	53

Reconciliation of tax charge:

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK 19.00% (2018: 19.00%). The differences are outlined below:

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	7,834	2,141
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 19% (2018: 19%)	1,488	406
Effects of:		
Fixed asset differences	15	43
Expenses not deductible for tax purposes	1	—
Movement in deferred tax on stock options	(5)	—
Impact of deferred tax rate change	—	6
Difference between current and deferred tax rates	24	—
Group relief claimed for nil charge	(969)	(253)
Tax relief for employee share acquisition	(2)	—
Patent box deduction	(454)	(253)
R & D expenditure credits	(12)	—
Adjustments in respect of previous periods	54	104
Total tax charge for the year	140	53

VG SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****9. Tax on profit (continued)**

Factors that may affect future tax charges:

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%.

10. Tangible assets

	Leasehold improve- ments £'000	Fixtures, fittings and computer equipment £'000	Total £'000
Cost			
At 1 January 2019	1,160	569	1,729
Additions	—	—	—
Transfers	—	—	—
Disposals	(145)	(56)	(201)
At 31 December 2019	1,015	513	1,528
Accumulated depreciation			
At 1 January 2019	939	525	1,464
Charge for the year	77	17	94
Disposals	(157)	(43)	(200)
At 31 December 2019	859	499	1,358
Net book value			
At 31 December 2019	156	14	170
At 31 December 2018	221	44	265

11. Inventories

	2019 £'000	2018 £'000
Raw materials and consumables	—	486
Work in progress	—	490
Finished goods and goods for resale	917	950
	917	1,926

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts. Inventories are stated after provisions for impairment of £2,338,381 (2018: £2,325,045).

VG SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****12. Debtors**

	2019	2018
	£'000	£'000
Trade debtors	2,383	1,665
Amounts owed by group undertakings	36,470	31,662
Other debtors	1,389	1,262
Deferred tax asset	302	313
Prepayments and accrued income	170	36
	40,714	34,938

Debtors includes £nil (2018: £nil) falling due after more than one year.

Trade debtors are stated after provisions for impairment of £183,000 (2018: £21,000).

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

Cash held by group entities under the cash sweep arrangement is included under debtors as amounts due by group companies. The management company, Life Technologies Finance Limited, shall effect quarterly the calculation for distributions of debit interest or credit interest at rate of LIBOR 0.5% among the parties and settle accordingly on the in-house bank accounts of the participant with the management company. The amounts owed by group undertakings is repayable on demand.

13. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade creditors	76	120
Amounts owed to group undertakings	5,252	6,505
Corporation tax	20	20
Other creditors including taxation and social security	10	105
Accruals	2,800	1,060
	8,158	7,810

The amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

14. Post-employment benefits

The company operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £112,000 (2018: £155,000). The liability / prepayment at the year end for the contributions payable to the defined contribution scheme is £nil (2018: £nil).

VG SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****15. Provisions for other liabilities**

	Warranty £'000	Dilapidations £'000	Onerous lease £'000	Restructuring £'000	Total £'000
At 1 January 2019	470	348	791	720	2,329
Additions dealt with in profit and loss account	562	—	307	—	869
Transferred during the year	—	—	—	(451)	(451)
Utilised during the year	(362)	—	(791)	(251)	(1,404)
At 31 December 2019	670	348	307	18	1,343

A provision for warranty costs is recognised to cover the warranty period provided to customers and is calculated with reference to the average level of warranty claims received over recent history.

The dilapidation provision relates to the obligation to restore the property to its original state at the end of the lease which arises under the terms of the property leases for the company's sites. The lease end date is 30 April 2023.

The onerous lease provision relates to the decision to vacate 50% of the East Grinstead office. The decision was made in the year end 31 December 2017 and accounts for the costs up to the expected end of the lease period.

The restructuring provision arose from the decision of the company to restructure its operations and R&D functions in 2017 to generate cost and efficiency gains in future years. The provision is expected to be utilised over the next 12 months.

16. Deferred tax asset

	2019 £'000	2019 £'000	2018 £'000	2018 £'000
	Provided	Unprovided	Provided	Unprovided
Accelerated capital allowances	244	—	230	—
Other timing differences	59	639	83	639
Deferred tax asset / (liability)	303	639	313	639

Provision for deferred taxation

At 1 January 2019	313
Charge to profit and loss account	(10)
At 31 December 2019	303

Unprovided deferred tax asset has not been recognised as this relates to capital losses brought forward which are not expected to be utilised in the foreseeable future.

The net deferred tax asset is expected to reverse after 12 months. This relates to the reversal of depreciation in excess of accelerated capital allowances and the reversal of timing differences.

VG SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****17. Financial Instruments**

The company has the following financial instruments:

	Note	2019 £'000	2018 £'000
Financial assets that are debt instruments measured at amortised cost			
– Trade debtors		2,383	1,665
– Amounts owed by group undertakings	12	36,470	31,662
– Other debtors		1,389	1,262
		40,242	34,589
Financial liabilities measured at amortised cost			
– Trade creditors		76	120
– Amounts owed to group undertakings	13	5,252	6,505
– Other creditors		2,800	1,060
		8,128	7,685

Derivative financial instruments

The company has no interest rate derivative financial instruments (2018: none).

Interest on bank loans and overdrafts are disclosed in note 8.

18. Called up share capital

	2019 £	2018 £
Allotted and fully paid		
2 (2018: 2) ordinary shares of £1	2	2
Dividends	2019 £	2018 £
Total dividends paid	5,000,000	—

19. Contingent assets and liabilities

The company is a participant in a group banking arrangement under which all surplus cash balances are held as collateral for bank facilities advanced to group members. No liability is expected to arise under this arrangement.

At 31 December 2019, the company had deferment bank guarantees in favour of HM Revenue and Customs of £4,000 (2018: £4,000).

VG SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****20. Capital and other commitments**

The company had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2019	2018
	£'000	£'000
Land and buildings		
Within one year	381	173
Within two to five years	889	988
	1,270	1,161
Plant and machinery and vehicles		
Within one year	9	13
Within two to five years	5	—
	14	13

The company has no other off-balance sheet arrangements.

21. Related party transactions

See note 7 for disclosure of the directors' remuneration and key management compensation.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

22. Controlling parties

The immediate parent undertaking is Thermo Optek Limited whose registered office is 3rd Floor, 1 Ashley Road, Altrincham, Cheshire WA14 2DT.

The ultimate parent undertaking and controlling party is Thermo Fisher Scientific Inc. which is the largest and smallest group to consolidate these financial statements. The company is incorporated in the United States of America and its common stock is listed on the New York Stock Exchange. Copies of the financial statements of the ultimate parent company are publicly available and can be obtained from its headquarters at 168 Third Avenue, Waltham, MA 02451, USA.

23. Non adjusting post balance sheet events

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by both the UK and foreign governments to contain the virus have started to impact economic activity. Thermo Fisher Scientific Inc. has taken a number of measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people (social distancing, working from home etc.) and implementing additional protocols at our manufacturing sites to keep them operating safely. The group has also been granted exemptions in a number of countries to remain open as we supply critical equipment in the fight against COVID-19.

At this stage, the impact on our global business and results is limited and the risks are not expected to be material. The company will continue to monitor the situation and potential impact to our business.