

Registration number: 03044694

Bio-Rad Laboratories Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2016

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Bio-Rad Laboratories Limited

Company Information

Directors	N D Schwartz P Howard
Company secretary	Taylor Wessing Secretaries Limited
Registered office	The Junction 3rd and 4th Floor Station Road Watford WD17 1ET
Solicitors	Taylor Wessing LLP 5 New Street Square London EC4A 3TW
Bankers	Citibank Canada Square Canary Wharf 33 London EC14 5LB
Auditor	KPMG LLP 58 Clarendon Road Watford Hertfordshire WD17 1DE

Bio-Rad Laboratories Limited

Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of the company is the sale of chemicals, infra-red spectra of chemical compounds and equipment for medical and research purposes.

Fair review of the business

The company is a wholly owned subsidiary of Bio-Metrics Limited, registered in England and Wales, which is in turn a wholly owned subsidiary of Bio-Rad Laboratories Inc., an entity incorporated in the United States of America.

The company sells directly to medical establishments in the UK, Belgium, Holland and Israel, and indirectly in the UK and worldwide through its fellow subsidiaries.

During the year the company has continued to develop its product range and make advances into new markets, which has delivered improvements in turnover and gross margin.

The administrative costs for the current year include a gain of £2,260,000 (2015 - write off of intercompany debtors £1,140,000) as a result of the forgiveness of an liability due to a fellow group subsidiary.

The balance sheet shows that the company financial position at the end of the year remains strong with significant current and net assets. The strength of the company and group ensure that the company is well placed to service customers and develop the business.

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

	Unit	2016	2015
Turnover	£ 000	62,991	58,027
Gross profit	%	38	35
Operating profit	£ 000	4,809	1,048
Operating profit before forgiveness/ write off of intercompany balances	£ 000	2,549	2,188
Net assets	£ 000	21,641	17,496

Principal risks and uncertainties

The industries and market segments in which we operate are highly competitive

The clinical diagnostics market is highly competitive. Some of our competitors have consolidated, and some of our competitors have greater financial resources than the Bio-Rad group does and are less leveraged, making them better equipped to licence technologies and intellectual property from third parties or to fund research and development, manufacturing and marketing efforts.

Our competitors can be expected to continue to improve the design and performance of their products and to introduce new products with competitive price and performance characteristics. Maintaining these advantages will require the Bio-Rad group to continue to invest in research and development, sales and marketing and customer service and support.

We need to continually improve our product offerings and develop and introduce new products to maintain pace with technological advancements

Our future success depends on the ability of the Bio-Rad group to continue to improve our product offerings and develop and introduce new product lines and extensions that integrate new technological advances. The Bio-Rad group continues to invest heavily in new product development, however there remains a risk that such products will not receive timely market acceptance.

Bio-Rad Laboratories Limited

Strategic Report for the Year Ended 31 December 2016 (continued)

Principal risks and uncertainties (continued)

We are dependent on government funding and the capital spending programmes of our customers

The business is impacted by constraints on NHS budgets, in particular with regard to capital expenditure on instruments. Bio-Rad is continuing to focus on providing flexible solutions to retain its competitive advantage. A large proportion of the company's business is transacted with the NHS either directly or indirectly, where significant long term relationships have been built, and overall indications are that the market for the company's products will continue into the foreseeable future. The capital spending plans of our other customers can also have a significant impact on the future demand for our products.

Important non adjusting events after the financial period

Subsequent to the year end, Bio-Rad Inc. (the ultimate parent of the company), in an effort to further develop its products and extend its worldwide activities, has undertaken a significant reorganisation of its activities in Europe, Middle East and Africa (EMEA). These included:

- the implementation of the SAP ERP
- the establishment of a European Headquarters
- the introduction of Financial and Customer Care Shared Services
- a re-alignment of its legal entities structure and their operations

To this regard, Bio-Rad Laboratories Limited ceased its trading activities in Belgium and Holland and dedicated Bio-Rad entities assumed future operations and trading activities in these countries. The company's UK trading is unaffected.

The company also re-located to dedicated offices in Watford, UK.

Financial Instruments

Objectives and policies

The company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, credit risk, currency risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and assets and liabilities contained within the company's balance sheet, the only financial risks the directors consider relevant to this company are credit risk and liquidity risk. These risks are mitigated by the nature of the debtor balances owed, with many of these due from other group companies who are able to repay them if required plus the UK NHS, a UK public organisation.

Future developments

Following a group reorganisation in 2017, as explained above, the company has ceased its trading in Belgium and Holland; however future UK trading is not expected to be impacted.

Approved by the Board on 21 Dec 2017 and signed on its behalf by:



N D Schwartz
Director

Bio-Rad Laboratories Limited

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Dividends

The directors do not recommend the payment of a dividend (2015 - £nil).

Directors of the company

The directors who held office during the year were as follows:

N D Schwartz

P Howard

Branches outside the United Kingdom

The company operates two commission agents in Belgium and Holland and one Branch in Israel.

Going concern

The company's business activity is described in the Strategic Report, which also describes its financial position and its exposure to financial risks. The company is financed by share capital and two loans from group undertakings and has no third party debt. The loans are guaranteed by Bio-Rad Laboratories Inc., the ultimate parent company of Bio-Rad Laboratories Limited, so that Bio-Rad Laboratories Inc., will guarantee any and all obligations of the borrower under the loan agreement.

Bio-Rad Laboratories Limited has considerable financial resources, and as a consequence the directors believe that the company is well placed to manage its business successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure requirements

In accordance with the Companies Act 2006, section 414C(11), the company's Strategic Report contains certain disclosures required in the Directors' Report.

Approved by the Board on 21 Dec 2017 and signed on its behalf by:

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N D Schwartz
Director

The Junction, 3rd and 4th Floor
Station Road
Watford
WD17 1ET

Bio-Rad Laboratories Limited

Statement of Directors' Responsibilities

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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 Bio-Rad Laboratories Limited

We have audited the financial statements of Bio-Rad Laboratories Limited for the year ended 31 December 2016, set out on pages 8 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided in the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Bio-Rad Laboratories Limited (continued)

Matters on which we are required to report by exception

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

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

C. Anderson

Charlotte Anderson (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

Date: 22 December 2017

Bio-Rad Laboratories Limited

Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Turnover	3	62,991	58,027
Cost of sales		<u>(39,236)</u>	<u>(37,539)</u>
Gross profit		23,755	20,488
Distribution costs		<u>(17,736)</u>	<u>(15,584)</u>
Administrative expenses		<u>(1,210)</u>	<u>(3,856)</u>
Operating profit	4	4,809	1,048
Other interest receivable and similar income	8	13	8
Amounts written off investments	12	-	(7,400)
Interest payable and similar charges	9	<u>(72)</u>	<u>(72)</u>
Profit/(loss) before tax		4,750	(6,416)
Tax on profit/(loss) on ordinary activities	10	<u>(523)</u>	<u>61</u>
Profit/(loss) for the financial year		<u>4,227</u>	<u>(6,355)</u>

The company has no recognised gains or losses for the year other than the results above.

The above results were derived from continuing operations.

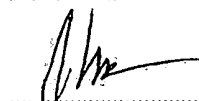
Bio-Rad Laboratories Limited

(Registration number: 03044694)

Balance Sheet as at 31 December 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Tangible assets	11	3,006	1,239
Investments	12	4,660	4,660
		<u>7,666</u>	<u>5,899</u>
Current assets			
Stocks	13	3,926	3,418
Debtors	14	24,517	15,831
Cash at bank and in hand		5,852	10,953
		<u>34,295</u>	<u>30,202</u>
Creditors: Amounts falling due within one year	15	(18,860)	(17,408)
Net current assets		<u>15,435</u>	<u>12,794</u>
Total assets less current liabilities		23,101	18,693
Provisions for liabilities	16	(1,460)	(1,197)
Net assets		<u>21,641</u>	<u>17,496</u>
Capital and reserves			
Called up share capital	17	100	100
Retained earnings	18	21,541	17,396
Total shareholder's equity		<u>21,641</u>	<u>17,496</u>

The financial statements have been approved and authorised for issue by the Board on 21 Dec 2017 and signed on its behalf by:



N D Schwartz

Director

Bio-Rad Laboratories Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2016	100	17,396	17,496
Profit for the year	-	4,227	4,227
Total comprehensive income	-	4,227	4,227
Share based payment transactions	-	(82)	(82)
At 31 December 2016	100	21,541	21,641

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	100	23,751	23,851
Loss for the year	-	(6,355)	(6,355)
Total comprehensive income	-	(6,355)	(6,355)
At 31 December 2015	100	17,396	17,496

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

The Junction 3rd and 4th Floor
Station Road
Watford
WD17 1ET

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102').

Basis of preparation

These financial statements were prepared in accordance with applicable United Kingdom Accounting Standards, including FRS 102, and with the Companies Act 2006. These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in pound sterling and rounded to thousands. The company's functional and presentation currency is the pound sterling.

Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Significant areas of estimation for the company include the expected future cash flows applied in measuring the impairment of investments and the estimated selling prices applied in determining the net realisable values of stock.

Summary of disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of the exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

- from disclosing the company key management personnel compensation;
- from disclosing transactions with other wholly owned entities for the period that they form part of the same group;
- from preparing a statement of cash flows and the related notes on the basis that it is a qualifying entity and its parent company, Bio-Rad Laboratories Inc., includes the company's cash flows in its own consolidated financial statements; and
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, including:
 - (a) categories of financial instruments;
 - (b) items of income, expenses, gains or losses relating to financial instruments; and
 - (c) exposure to management of financial risks.

Name of parent group

The financial statements of Bio-Rad Laboratories Inc. may be obtained from 1000 Alfred Nobel Drive, Hercules, California 94547, USA.

Group financial statements not prepared

The company is exempt from the requirement to prepare group financial statements by virtue of Section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Going concern

The company's business activity is described in the Strategic Report, which also describes its financial position and its exposure to financial risks. The company is financed by share capital and two loans from group undertakings and has no third party debt. The loans are guaranteed by Bio-Rad Laboratories Inc., the ultimate parent company of Bio-Rad Laboratories Limited, so that Bio-Rad Laboratories Inc., will guarantee any and all obligations of the borrower under the loan agreement.

Bio-Rad Laboratories Limited has considerable financial resources, and as a consequence the directors believe that the company is well placed to manage its business successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing the financial statements.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Revenue recognition

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services, and the hiring of equipment to customers under operating leases.

Revenue in respect of the sales of goods is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which normally occurs upon dispatch.

Revenue for the provision of services is recognised over the period in which the service is provided.

Reagent agreements are a diagnostic industry sales method that provides use of an instrument and consumables (reagents) to a customer on a per test basis. Our reagent agreements represent one unit of accounting as the instrument and consumables are interdependent in producing a diagnostic result that neither has a stand-alone value with respect to these agreements. All revenues that we earn under our reagent agreements are recognised pursuant to the terms of each agreement and are based and entirely contingent upon either (i) when the consumables to conduct a fixed number of tests are delivered or (ii) as reported by the customer on a per test basis.

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.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Asset class	Depreciation method and rate
Land and buildings	over the life of the lease
Fixtures, fittings and equipment	10% - 33.33% straight line basis

Impairment of assets

At each reporting date tangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks consist of goods held for resale and are valued at the lower of cost and net realisable value. Cost comprises purchase price from suppliers determined on a first-in, first-out basis plus freight and duty charges. Net realisable value is based on estimated normal selling price less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Share based payments

The company participates in a share-based arrangement established by the ultimate parent company, and takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognises the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The corresponding credit is recognised in retained earnings as a component of equity.

Where the company is charged for the cost of share-based payment arrangements the amounts are treated as a reduction in the capital contribution. If the amount charged is in excess of the share-based payment charge the company treats the excess as a notional distribution and charges this to retained earnings.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Financial instruments

Classification

Basic financial instruments, including trade receivables, trade payables, cash and bank balances, bank loans, and loans to and from group companies, are initially recognised at transaction price, unless the transaction constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Recognition and measurement

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Impairment

At the end of each reporting period financial assets measured at the 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.

If there is a 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.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2016 £ 000	2015 £ 000
Sale of goods	60,676	55,089
Rendering of services	2,315	2,938
	<u>62,991</u>	<u>58,027</u>

The analysis of the company's revenue for the year by market is as follows:

	2016 £ 000	2015 £ 000
UK	31,058	28,434
Europe	24,363	22,941
Rest of world	7,570	6,652
	<u>62,991</u>	<u>58,027</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

4 Operating profit

Arrived at after charging/(crediting)

	2016 £ 000	2015 £ 000
Depreciation expense	496	518
Foreign exchange gains	(500)	(328)
Operating lease expense - property	380	300
Operating lease expense - plant and machinery	632	639
Loss on disposal of property, plant and equipment	-	7
Write off of intercompany debtors	-	1,140
Forgiveness of intercompany liability	(2,260)	-

During the year the company has received forgiveness for an intercompany liability due to Bio-Rad Limited of £2,260,000. The amount is not expected to be taxable.

The write off of intercompany debtors in the prior year relates to amounts owed by fellow group company, Bio-Rad Laboratories Deeside Limited, as the company has ceased to trade. The amount is not expected to be deductible for tax purposes.

5 Auditor's remuneration

	2016 £ 000	2015 £ 000
Audit of these financial statements	60	60
Other fees to auditor		
Audit of financial statements of subsidiaries of the company	4	4
Audit-related assurance services	-	12
	64	76

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £ 000	2015 £ 000
Wages and salaries	8,651	7,490
Social security costs	892	865
Pension costs, defined contribution scheme	400	374
	9,943	8,729

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

6 Staff costs (continued)

The wages and salaries charge above also includes £195,000 (2015 - £131,000) in respect of share based payments.

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Management and administration	51	52
Sales, marketing and distribution	95	86
	<u>146</u>	<u>138</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £ 000	2015 £ 000
Remuneration	122	116
Contributions paid to money purchase schemes	7	6
	<u>129</u>	<u>122</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2016 No.	2015 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

Emoluments for one of the directors has been borne by another group company. This director is also a director or officer of a number of companies within the group. The director's services to the company do not occupy a significant amount of his time. As such the director does not consider that he has received any remuneration for his incidental services to the company for the current or prior year.

8 Other interest receivable and similar income

	2016 £ 000	2015 £ 000
Interest receivable from related parties	-	5
Other interest receivable	13	3
	<u>13</u>	<u>8</u>

9 Interest payable and similar charges

	2016 £ 000	2015 £ 000
Interest payable to related parties	<u>72</u>	<u>72</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Income tax

Tax charged/(credited) in the profit and loss account

	2016 £ 000	2015 £ 000
Current taxation		
UK corporation tax	348	325
UK corporation tax adjustment to prior periods	54	(283)
	<u>402</u>	<u>42</u>
Deferred taxation		
Arising from origination and reversal of timing differences	121	(103)
Tax expense/(receipt) in the profit and loss account	<u>523</u>	<u>(61)</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £ 000	2015 £ 000
Profit/(loss) before tax	<u>4,750</u>	<u>(6,416)</u>
Corporation tax at standard rate	950	(1,299)
Effect of revenues exempt from taxation	(452)	-
Expenses not deductible	11	1,572
Adjustment for prior periods	54	(283)
Tax increase/(decrease) from other short-term timing differences	(11)	-
Tax (decrease)/increase from effect of exercise of employee share options	(9)	(31)
Tax decrease arising from overseas tax suffered/expensed	<u>(20)</u>	<u>(20)</u>
Total tax charge/(credit)	<u>523</u>	<u>(61)</u>

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which has decreased from 21% to 20% from 1 April 2015.

Further reductions to the UK Corporation tax rates were announced as part of the Finance Bill 2015 and 2016. These reduce the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Income tax (continued)

Deferred tax

The deferred tax asset at the year end of £288,000 (2015 - £409,000) and comprises of the following:

	Asset £ 000
2016	
Difference between accumulated depreciation and capital allowances	2
Other timing differences	286
	<u>288</u>
2015	
	Asset £ 000
Difference between accumulated depreciation and capital allowances	171
Other timing differences	238
	<u>409</u>

11 Tangible assets

	Land and buildings £ 000	Fixtures, fittings and equipment £ 000	Total £ 000
Cost			
At 1 January 2016	36	4,620	4,656
Additions	808	1,655	2,463
Disposals	-	(275)	(275)
At 31 December 2016	<u>844</u>	<u>6,000</u>	<u>6,844</u>
Depreciation			
At 1 January 2016	22	3,395	3,417
Charge for the year	11	485	496
Eliminated on disposal	-	(75)	(75)
At 31 December 2016	<u>33</u>	<u>3,805</u>	<u>3,838</u>
Carrying amount			
At 31 December 2016	<u>811</u>	<u>2,195</u>	<u>3,006</u>
At 31 December 2015	<u>14</u>	<u>1,225</u>	<u>1,239</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

11 Tangible assets (continued)

Included within the net book value of land and buildings above is £811,000 (2015 - £14,000) in respect of short leasehold land and buildings.

Included in Fixtures, fittings and equipment above are reagent rental assets at 31 December 2016 with a cost of £4,907,000 (2015 - £4,348,000), accumulated depreciation of £3,538,000 (2015 - £3,136,000) and net book value of £1,369,000 (2015 - £1,212,000). These relate to assets owned by the company which are rented by third parties under operating leases.

12 Investments in subsidiaries

	2016 £ 000	2015 £ 000
Investments in subsidiaries	4,660	4,660
Subsidiaries		£ 000
Cost		
As 1 January 2016 and 31 December 2016		12,060
Provision		
At 1 January 2016 and 31 December 2016		7,400
Carrying amount		
At 31 December 2016		4,660
At 31 December 2015		4,660

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) held by the company are as follows:

Subsidiary undertaking and registered office details	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2016	2015
Diamed (GB) Limited The Junction 3rd and 4th Floors, Station Road, Watford, WD17 1ET	England and Wales	Ordinary shares	100%	100%

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

13 Stocks

	2016 £ 000	2015 £ 000
Finished goods and goods for resale	<u>3,926</u>	<u>3,418</u>

The cost of stocks recognised as an expense in the year amounted to £35,620,203 (2015 - £33,471,000).

The amount of impairment loss included in profit or loss is £521,867 (2015 - £1,034,000). The impairment loss is included in Cost of sales.

The directors consider there to be no material difference between the balance sheet value of stock and its replacement cost.

14 Debtors

	Note	2016 £ 000	2015 £ 000
Trade receivables		14,056	11,223
Amounts owed by group undertakings		8,804	3,323
Loans to group undertakings		600	600
Prepayments		769	276
Deferred tax assets	10	<u>288</u>	<u>409</u>
Total current trade and other receivables		<u>24,517</u>	<u>15,831</u>

Amounts due from group undertakings are stated after a provision for impairment of £1,140,000 (2015 - £1,140,000). The remaining amounts outstanding are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after provisions for impairment of £247,000 (2015 - £64,000).

15 Creditors

	2016 £ 000	2015 £ 000
Due within one year		
Trade creditors	545	281
Amounts due to group undertakings	13,442	14,277
Social security and other taxes	666	851
Outstanding defined contribution pension costs	64	60
Other payables	161	58
Accrued expenses	3,630	1,781
Corporation tax liability	<u>352</u>	<u>100</u>
	<u>18,860</u>	<u>17,408</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

15 Creditors (continued)

Included within Amounts due to group undertakings above are three loans: a £nil (2015 - £2,260,000) loan payable to a dormant fellow subsidiary which is interest free, a £1,200,000 (2015 - £1,200,000) loan from a fellow subsidiary which bears interest at 0.5% per annum and a £6,000,000 (2015 - £6,000,000) from a fellow subsidiary which bears interest at 1% per annum. All loans are repayable on demand. During the current year, the company has received forgiveness for the loan payable to a dormant fellow subsidiary of £2,226,000.

All other Amounts due to group undertakings falling due within one year are interest-free with the exception of any part which remains outstanding for over 90 days, which did not occur in either accounting period, are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16 Provisions

	Warranties £ 000	Dilapidations provision £ 000	Sales returns provisions £ 000	Total £ 000
At 1 January 2016	682	485	30	1,197
Increase in existing provisions	1,165	419	-	1,584
Provisions used	(1,314)	-	-	(1,314)
Unused amounts reversed to the profit and loss account	-	-	(7)	(7)
At 31 December 2016	533	904	23	1,460

Warranties are granted in respect of certain products sold for a period of one year. The provision represents the estimated warranty claims that the company expects to receive in respect of sales in the last year based on historic experience.

The provision for dilapidations is in respect of reinstatement costs expected to be incurred at the end of the property lease. The provision is expected to be utilised within the next 2 years.

The sales return allowance is estimated based on historic analysis and is expected to be utilised in the next month.

17 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	100	100	100	100

Rights, preferences and restrictions

There are no restrictions on the distribution of dividends and the repayment of capital.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

18 Reserves

Called-up share capital

Called-up share capital represents the nominal value of shares that have been issued.

Retained earnings

The profit and loss account reserve includes all current and prior period retained profits and losses.

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Not later than one year	1,069	934
Later than one year and not later than five years	3,133	497
Later than five years	3,452	88
	<u>7,654</u>	<u>1,519</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,012,000 (2015 - £939,000).

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2016 £ 000	2015 £ 000
Not later than one year	1,877	2,075
Later than one year and not later than five years	3,410	3,248
Later than five years	141	76
	<u>5,428</u>	<u>5,399</u>

Included in Fixtures, fittings and equipment above are reagent rental assets at 31 December 2016 with a cost of £4,907,000 (2015 - £4,348,000), accumulated depreciation of £3,538,000 (2015 - £3,136,000) and net book value of £1,369,000 (2015 - £1,212,000). These relate to assets owned by the company which are rented by third parties under operating leases.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £400,000 (2015 = £374,000).

Contributions totalling £64,000 (2015 = £60,000) were payable to the scheme at the end of the year and are included in creditors.

21 Share-based payments

Group share-based payment scheme

Scheme details

The ultimate parent company has various share-based compensation plans in place to help attract and retain personnel, to reward employees and directors for past services and to motivate such individuals through added incentives to further contribute to the success of the Group. Share options have been granted in prior years to certain employees of the company, under these compensation plans, to purchase shares at the market price prevailing at the date of the grant. In all cases the options vest at the rate of 20% per year for five years. The contractual life for each option is 10 years. The share options are all equity settled. No such options were outstanding at the end of the current or prior year.

In addition, Restricted Stock Units (RSUs) in the parent company are granted to certain employees with a vesting period of 5 years at the rate of 20% per completed year, provided that employment continues beyond the date of the award. The RSUs are forfeited if this condition is not met.

The cost of an RSU is determined using the fair value of the parent company's common stock on the date of grant. An RSU award entitles the holder to receive shares of the parent company's common stock as the award vests. The total expense related to RSUs is amortised on a straight line basis over the vesting period.

The entity is part of a group share-based payment scheme and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The company recognises an equity-settled share-based payment expense based on a reasonable allocation of the total charge of the group. This allocation is the total charge of the group prorated for the number of RSU awards allocated to the company's employees.

The following table summarises information about awarded RSUs:

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

21 Share-based payments (continued)

	2016		2015	
	Number of RSUs	Weighted average grant date fair value \$	Number of RSUs	Weighted average grant date fair value \$
Outstanding at 1 January	7,449	126.74	6,594	114.05
Awarded	3,100	159.32	3,585	139.56
Forfeited	(600)	135.17	(1,000)	118.33
Released	(2,043)	121.65	(1,730)	109.81
Outstanding at 31 December	<u>7,906</u>	<u>140.19</u>	<u>7,449</u>	<u>126.74</u>

Effect of share-based payments on profit or loss and financial position

The total expense recognised in profit or loss for the year was £195,000 (2015 - £131,000). A re-charge was made from the parent company in respect of share based payments of £277,000 (2015 - £131,000), resulting in an £82,000 adjustment to equity.

The weighted average remaining service period for outstanding RSUs at 31 December 2016 was 2.14 years (2015 - 2.35 years).

22 Commitments

The company has made a Duty Deferment Guarantee to HM Revenue and Customs of £60,000 (2015 - £60,000).

23 Related party transactions

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

24 Parent and ultimate parent undertaking

The company's immediate parent is Bio-Metrics (UK) Limited, incorporated in England and Wales.

The ultimate parent is Bio-Rad Laboratories, Inc., incorporated in USA.

The most senior parent entity producing publicly available financial statements is Bio-Rad Laboratories, Inc.. These financial statements are available upon request from 1000 Alfred Nobel Drive, Hercules, California 94547, USA. Bio-Rad Laboratories, Inc. is the only company preparing consolidated financial statements which include the company.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

25. Non adjusting events after the financial period

Subsequent to the year end, Bio-Rad Inc. (the ultimate parent of the company), in an effort to further develop its products and extend its worldwide activities, has undertaken a significant reorganisation of its activities in Europe, Middle East and Africa (EMEA). These included:

- the implementation of the SAP ERP
- the establishment of a European Headquarters
- the introduction of Financial and Customer Care Shared Services
- a re-alignment of its legal entities structure and their operations

To this regard, Bio-Rad Laboratories Limited ceased its trading activities in Belgium and Holland and dedicated Bio-Rad entities assumed future operations and trading activities in these countries. The company's UK trading is unaffected.

The company also re-located to dedicated offices in Watford, UK.