

Registration number: 03044694

Bio-Rad Laboratories Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017



Bio-Rad Laboratories Limited

Company Information

Directors N D Schwartz
P Howard

Company secretary Taylor Wessing LLP

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 2017

The directors present their strategic report for the year ended 31 December 2017.

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 (U.K.) Limited, registered in England and Wales, which is in turn a wholly owned subsidiary of Bio-Rad Laboratories Inc., an entity incorporated in the State of Delaware, United States of America. The company has a branch office in Israel.

The company sells directly to customers in the UK, Ireland and Israel. Israel operates as a branch of the UK entity. Sales to customers in Belgium and the Netherlands stopped on or about 1 April 2017 in connection with the Bio-Rad group reorganisation described below.

In January of 2017 the company moved its operations and registered office from Hemel Hempstead to Watford.

With effect from 1 April 2017, Bio-Rad Laboratories, Inc. (the ultimate parent of the company), in an effort to further develop its products and extend its worldwide activities, undertook a significant reorganisation of its businesses in Europe, Middle East and Africa (EMEA) in connection with the multi-phased global deployment of a new SAP® Enterprise Resource Planning system with the goal to achieve, among other benefits, greater systems alignment, operational efficiency, and a decrease in the operational costs of the group. This reorganisation included:

- Implementation of the SAP® enterprise resource planning system at the company and 31 affiliated entities in ten countries.
- Centralisation of the following services for EMEA (including the company's) customers:
 - Product distribution centres at warehouses in Mitry Mory, France and Leipzig, Germany;
 - Small instrument service repair centre in Leipzig, Germany;
 - Finance and customer care shared service centre at affiliate Bio-Rad Services UK Limited in Watford, United Kingdom.
- Establishment of Bio-Rad Europe GmbH in Switzerland as the Bio-Rad group's European headquarters company.
- Restructuring of the Bio-Rad group's commercial sales channel structure in EMEA.
- As part of this change, the company's sales to customers in Belgium and the Netherlands are now being made by the Bio Rad entities in those countries (previously those entities were sales agents for the company).

The administrative costs for the prior year include a gain of £2,260,000 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.

Bio-Rad Laboratories Limited

Strategic Report for the Year Ended 31 December 2017 (continued)

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

	Unit	2017	2016
Turnover	£ 000	45,504	62,991
Gross profit	%	32	38
Operating profit	£ 000	1,443	4,809
Operating profit before forgiveness/ write off of intercompany balances	£ 000	1,443	2,549
Net assets	£ 000	22,502	21,641

The reduction in turnover and operating profit is a reflection of the sales to customers in the Netherlands and Belgium being included in the 2016 financial results and being reported separately from April 2017 following the reorganisation described above.

Non adjusting events after the financial period

Effective 1 July 2018, the business of the company's wholly owned subsidiary DiaMed (G.B.) Ltd, was acquired by the company pursuant to an asset purchase agreement.

Principal risks and uncertainties

Market risks

The clinical diagnostics market is highly competitive. Some of the company's competitors have consolidated, and some of the company's 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.

The company's 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.

Product risk

The company's future success depends on the ability of the Bio-Rad group to continue to improve its 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.

Customer risk

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 other customers can also have a significant impact on the future demand for the company's products.

Risk of the UK leaving the European Union

The business is undertaking pre-emptive planning and strategies to minimise the risk associated with Brexit, planning for the eventualities of both a final deal being reached and in the event of no deal being reached.

Bio-Rad Laboratories Limited

Strategic Report for the Year Ended 31 December 2017 (continued)

Financial instruments

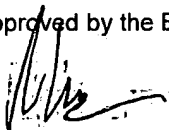
Objectives and policies

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

Performance for 2018 to date, for the enlarged business including the trade of DiaMed (G.B.) Ltd, is in line with expectations. There are no other significant changes anticipated in the foreseeable future.

Approved by the Board on 28 Feb 2019 and signed on its behalf by:



.....
N D Schwartz
Director

Bio-Rad Laboratories Limited

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Dividends

The directors do not recommend the payment of a dividend (2016 - £nil).

Directors of the company

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

N D Schwartz

P Howard

Political donations

The company made no disclosable political donations or incurred any disclosable political expenditure during the year.

Branches outside the United Kingdom

The company operates a 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.

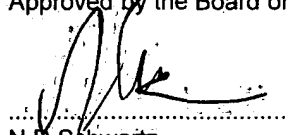
Bio-Rad Laboratories Limited

Directors' Report for the Year Ended 31 December 2017 (continued)

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 2 and 4.

Approved by the Board on 28 Feb 2019 and signed on its behalf by:



N D Schwartz
Director

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 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Opinion

We have audited the financial statements of Bio-Rad Laboratories Limited (the 'company') for the year ended 31 December 2017, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and related Notes to the Financial Statements, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

The purpose of our audit work and to whom we owe our responsibilities

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:

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

Date: *4 March 2019*

Bio-Rad Laboratories Limited

Profit and Loss Account for the Year Ended 31 December 2017

	Note	2017 £ 000	2016 £ 000
Turnover	3	45,504	62,991
Cost of sales		<u>(30,874)</u>	<u>(39,236)</u>
Gross profit		14,630	23,755
Distribution costs		(9,199)	(17,736)
Administrative expenses		<u>(3,988)</u>	<u>(1,210)</u>
Operating profit	4	1,443	4,809
Other interest receivable and similar income	8	13	13
Interest payable and similar expenses	9	<u>(68)</u>	<u>(72)</u>
Profit before tax		1,388	4,750
Taxation	10	<u>(341)</u>	<u>(523)</u>
Profit for the financial year		<u><u>1,047</u></u>	<u><u>4,227</u></u>

The above results were derived from continuing operations.

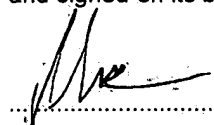
Statement of Other Comprehensive Income

There is no Other comprehensive income for the current or prior year.

Bio-Rad Laboratories Limited
(Registration number: 03044694)
Balance Sheet as at 31 December 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Tangible assets	11	3,650	3,006
Investments	12	4,660	4,660
		<u>8,310</u>	<u>7,666</u>
Current assets			
Stocks	13	1,605	3,926
Debtors (including £541,000 which is due after 1 year)	14	27,850	24,517
Cash at bank and in hand		2,560	5,852
		<u>32,015</u>	<u>34,295</u>
Creditors: Amounts falling due within one year	15	<u>(16,600)</u>	<u>(18,860)</u>
Net current assets		<u>15,415</u>	<u>15,435</u>
Total assets less current liabilities		23,725	23,101
Provisions for liabilities	16	<u>(1,223)</u>	<u>(1,460)</u>
Net assets		<u>22,502</u>	<u>21,641</u>
Capital and reserves			
Called up share capital	17	100	100
Profit and loss account	18	22,402	21,541
Total equity		<u>22,502</u>	<u>21,641</u>

The financial statements have been approved and authorised for issue by the Board on 28 Feb 2019 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 2017

	Note	Called up share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2017		100	21,541	21,641
Profit for the year		-	1,047	1,047
Total comprehensive income		-	1,047	1,047
Share based payment transactions	21	-	(186)	(186)
At 31 December 2017		100	22,402	22,502

	Note	Called up share capital £ 000	Profit and loss account £ 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	21	-	(82)	(82)
At 31 December 2016		100	21,541	21,641

The notes on pages 14 to 31 form an integral part of these financial statements.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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'.

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 debtors, 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. The company has taken advantage of the following exemptions:

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (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:
 - categories of financial instruments;
 - items of income, expenses, gains or losses relating to financial instruments; and
 - 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. 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 2017 (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. 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 earned under 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.

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 tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are 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 the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet 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 2017 (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

The carrying amounts of the company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Investments

These are the separate financial statements of the company. Investments in subsidiaries are carried at cost less impairment.

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.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

Stocks

Stocks consist of goods held for resale and trunk spares, both of which 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.

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.

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 2017 (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

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 Turnover

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

	2017 £ 000	2016 £ 000
Sale of goods	43,952	60,676
Rendering of services	1,552	2,315
	<u>45,504</u>	<u>62,991</u>

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

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

3 Turnover (continued)

	2017 £ 000	2016 £ 000
UK	31,170	31,058
Europe	7,103	24,363
Rest of world	7,231	7,570
	<u>45,504</u>	<u>62,991</u>

As noted in the strategic report, sales to customers in Belgium and the Netherlands were previously incorporated in the results of this company but, following the group reorganisation, are now being made by the Bio-Rad entities in those countries. Accordingly, the turnover for 2017 excludes the revenue related to Belgium and the Netherlands from April 2017.

4 Operating profit

Arrived at after charging/(crediting)

	2017 £ 000	2016 £ 000
Depreciation expense	804	496
Foreign exchange gains	(16)	(500)
Operating lease expense - property	766	380
Operating lease expense - plant and machinery	352	632
Loss on disposal of property, plant and equipment	48	-
Forgiveness of intercompany liability	<u>-</u>	<u>(2,260)</u>

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

5 Auditor's remuneration

	2017 £ 000	2016 £ 000
Audit of the financial statements	<u>64</u>	<u>60</u>
Other fees to auditor		
Auditor's remuneration - The audit of the company's subsidiaries' annual accounts	<u>4</u>	<u>4</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

6 Staff costs

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

	2017 £ 000	2016 £ 000
Wages and salaries	7,559	8,651
Social security costs	1,025	892
Pension costs, defined contribution scheme	300	400
	<u>8,884</u>	<u>9,943</u>

The wages and salaries charge above also includes £97,000 (2016 - £195,000) 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:

	2017 No.	2016 No.
Management and administration	33	51
Sales, marketing and distribution	93	95
	<u>126</u>	<u>146</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £ 000	2016 £ 000
Remuneration	135	122
Contributions paid to money purchase schemes	8	7
	<u>143</u>	<u>129</u>

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

	2017 No.	2016 No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

7 Directors' remuneration (continued)

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

	2017 £ 000	2016 £ 000
Interest receivable from related parties	<u>13</u>	<u>13</u>

9 Interest payable and similar expenses

	2017 £ 000	2016 £ 000
Interest payable to related parties	<u>68</u>	<u>72</u>

10 Taxation

Tax charged/(credited) in the income statement

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	252	348
UK corporation tax adjustment to prior periods	<u>195</u>	<u>54</u>
	447	402
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(106)</u>	<u>121</u>
Tax expense in the income statement	<u>341</u>	<u>523</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - lower than the standard rate of corporation tax in the UK) of 19.25% (2016 - 20%).

The differences are reconciled below:

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

10 Taxation (continued)

	2017 £ 000	2016 £ 000
Profit before tax	1,388	4,750
Corporation tax at standard rate	267	950
Effect of revenues exempt from taxation	-	(452)
Expenses not deductible	60	11
Adjustment for prior periods	195	54
Tax decrease from other short-term timing differences	(65)	(11)
Tax decrease from effect of exercise of employee share options	(96)	(9)
Tax decrease arising from overseas tax suffered/expensed	(20)	(20)
Total tax charge	341	523

The standard rate of UK corporation tax reduced from 20% to 19% on 1 April 2017.

Further reductions to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

Deferred tax

The deferred tax asset at the year end of £394,000 (2016 - £288,000) and comprises of the following:

2017	Asset £ 000
Difference between accumulated depreciation and capital allowances	3
Other timing differences	391
	394
2016	Asset £ 000
Difference between accumulated depreciation and capital allowances	2
Other timing differences	286
	288

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

11 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2017	844	6,000	6,844
Additions	51	1,402	1,453
Disposals	(41)	(409)	(450)
At 31 December 2017	854	6,993	7,847
Depreciation			
At 1 January 2017	33	3,805	3,838
Charge for the year	90	714	804
Eliminated on disposal	(41)	(404)	(445)
At 31 December 2017	82	4,115	4,197
Carrying amount			
At 31 December 2017	772	2,878	3,650
At 31 December 2016	811	2,195	3,006

Included within the net book value of land and buildings above is £772,000 (2016 - £811,000) in respect of short leasehold land and buildings.

Included in Fixtures, fittings and equipment above are reagent rental assets at 31 December 2017 with a cost of £5,549,000 (2016 - £4,907,000) accumulated depreciation of £3,656,000 (2016 - £3,538,000) and net book value of £1,893,000 (2016 - £1,369,000). 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 2017 (continued)

12 Investments

	2017 £ 000	2016 £ 000
Investments in subsidiaries	<u>4,660</u>	<u>4,660</u>
Subsidiaries		£ 000
Cost or valuation		
At 1 January 2017		12,060
Provision		
At 1 January 2017		<u>7,400</u>
Carrying amount		
At 31 December 2017		<u>4,660</u>
At 31 December 2016		<u>4,660</u>

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	
			2017	2016
Diamed (G.B.) Ltd. The Junction 3rd and 4th Floors, Station Road, Watford, WD17 1ET	England and Wales	Ordinary shares	100%	100%

13 Stocks

	2017 £ 000	2016 £ 000
Finished goods and goods for resale	<u>1,605</u>	<u>3,926</u>

The cost of stocks recognised as an expense in the year amounted to £27,984,000 (2016 - £35,620,000).

The amount of impairment loss included in profit or loss is £202,000 (2016 - £522,000). 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.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

14 Debtors

	Note	2017 £ 000	2016 £ 000
Trade debtors		12,050	14,056
Amounts owed by group undertakings		13,652	8,804
Loans to group undertakings		600	600
Prepayments		1,154	769
Deferred tax assets	10	394	288
		<u>27,850</u>	<u>24,517</u>
Less non-current portion		<u>(541)</u>	<u>-</u>
		<u>27,309</u>	<u>24,517</u>

In prepayments of £1,154,000 there is £541,000 (2016 - £Nil) classified as non-current. This relates to a rent deposit for the property occupied by the company, which is not repayable until the termination of the lease in 2026.

Amounts due from group undertakings are stated after a provision for impairment of £1,140,000 (2016 - £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 £691,000 (2016 - £247,000).

15 Creditors

	2017 £ 000	2016 £ 000
Due within one year		
Trade creditors	586	545
Amounts due to group undertakings	13,159	13,442
Social security and other taxes	381	666
Outstanding defined contribution pension costs	38	64
Other payables	312	161
Accruals	1,739	3,630
Corporation tax liability	385	352
	<u>16,600</u>	<u>18,860</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

15 Creditors (continued)

Included within Amounts due to group undertakings above are two loans: a £2,500,000 (2016 - £1,200,000) loan from Bio-Rad Laboratories Europe Limited and a £7,500,000 (2016 - £6,000,000) from Bio-Rad AbD Serotec Limited. All loans are repayable on demand and interest is charged and paid quarterly on the amount outstanding on the basis of a variable short-term interest rate, which is reset quarterly on a prospective basis. The variable interest rate is determined by the Treasury Department of the Bio-Rad Group on the basis of a combination of external indices consistent with the loan maturity.

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 for liabilities

	Warranties £ 000	Dilapidations provision £ 000	Sales return provisions £ 000	Total £ 000
At 1 January 2017	533	904	23	1,460
Additional provisions	1,589	-	589	2,178
Unused provision reversed	<u>(1,511)</u>	<u>(904)</u>	<u>-</u>	<u>(2,415)</u>
At 31 December 2017	<u>611</u>	<u>-</u>	<u>612</u>	<u>1,223</u>

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 sales return allowance is estimated based on historic analysis.

17 Share capital

Allotted, called up and fully paid shares

	2017 No. 000	£ 000	2016 No. 000	£ 000
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

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 2017 (continued)

18 Capital and reserves

Called up share capital

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

Profit and loss account

The retained earnings 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:

	2017 £ 000	2016 £ 000
Not later than one year	1,415	1,069
Later than one year and not later than five years	6,105	3,133
Later than five years	3,102	3,452
	<u>10,622</u>	<u>7,654</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,466,000 (2016 - £1,012,000).

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2017 £ 000	2016 £ 000
Not later than one year	10,761	1,877
Later than one year and not later than five years	16,991	3,410
Later than five years	2,548	141
	<u>30,300</u>	<u>5,428</u>

Included in Fixtures, fittings and equipment above are reagent rental assets at 31 December 2017 with a cost of £5,549,000 (2016 - £4,907,000), accumulated depreciation of £3,656,000 (2016 - £3,538,000) and net book value of £1,893,000 (2016 - £1,369,000). 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 2017 (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 £300,000 (2016 - £400,000).

Contributions totalling £38,000 (2016 - £64,000) 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 2017 (continued)

21 Share-based payments (continued)

	2017	Weighted average grant date fair value \$	2016	Weighted average grant date fair value \$
	Number of RSUs		Number of RSUs	
Outstanding at 1 January	7,906	140.19	7,449	126.74
Awarded	1,055	215.98	3,100	159.32
Forfeited	(2,320)	146.10	(600)	135.17
Released	(3,798)	131.57	(2,043)	121.65
Outstanding at 31 December	<u>2,843</u>	<u>167.21</u>	<u>7,906</u>	<u>140.19</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 £97,000 (2016 - £195,000). A re-charge was made from the parent company in respect of share based payments of £283,000 (2016 - £277,000), resulting in an £186,000 adjustment to equity.

The weighted average remaining service period for outstanding RSUs at 31 December 2017 was 2.03 years (2016 - 2.14 years).

22 Commitments

The company has made a Duty Deferment Guarantee to HM Revenue and Customs of £130,000 (2016 - £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 2017 (continued)

25 Non adjusting events after the financial period

Effective 1 July 2018, the business of the company's wholly owned subsidiary DiaMed (G.B.) Ltd, was acquired by the company pursuant to an asset purchase agreement.