

Bio-Rad Laboratories Limited

Financial statements 31 December 1997
together with directors' and auditors' reports

Registered number: 3044694



Directors' report

For the year ended 31 December 1997

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 1997.

Principal activity

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

Results and dividends

The audited financial statements for the year ended 31 December 1997 are set out on pages 4 to 13. The company's profit for the year after taxation was £265,000 (1996: £184,000). The directors do not recommend payment of a dividend.

The directors are satisfied with the company's performance in the year.

Future developments

The company continues to pursue its principal activities and the directors expect the general level of activity to continue.

Directors

The directors who served during the year were as follows:

D. Schwartz (Resident in the United States of America)
D.W. Forrester
Dr B.A. Zabin (Resident in the United States of America)

None of the directors had any beneficial interests in the shares of the company during the year which require disclosure under the Companies Act 1985.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the company's profit or loss for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records which 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 1985. 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.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as the company's auditors for the ensuing year.

Bio-Rad House
Maylands Avenue
Hemel Hempstead
Hertfordshire
HP2 7TD

By order of the Board,



DW Forrester
Director

26 October 1998

Auditors' report

St Albans

To the Shareholders of Bio-Rad Laboratories Limited:

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

3 Victoria Square
Victoria Street
St Albans
Herts AL1 3TF

26 October 1998

Profit and loss account

For the year ended 31 December 1997

	Notes	1997 £'000	1996 £'000
Turnover	2	15,547	16,082
Cost of sales		(9,019)	(9,725)
Gross profit		6,528	6,357
Other operating expenses (net)	3	(6,178)	(5,999)
Operating profit		350	358
Interest receivable and similar income	4	18	9
Interest payable and similar charges	5	(72)	(69)
Profit on ordinary activities before taxation	6	296	298
Tax on profit on ordinary activities	8	(31)	(114)
Profit on ordinary activities after taxation, being profit for the financial year	15	265	184
Retained profit, beginning of year		184	-
Retained profit, end of year		449	184

All amounts included within the profit and loss account were derived from continuing activities.

There are no recognised gains or losses in either year other than the profit for each year.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

31 December 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	9	243	271
Current assets			
Stocks – finished goods		1,823	1,055
Debtors	10	3,420	3,911
Cash at bank and in hand		856	468
		6,099	5,434
Creditors: Amounts falling due within one year	11	(3,420)	(3,048)
Net current assets		2,679	2,386
Total assets less current liabilities		2,922	2,657
Creditors: Amounts falling due after more than one year	12	(2,260)	(2,260)
Provisions for liabilities and charges	13	(113)	(113)
Net assets		549	284
Capital and reserves			
Called-up share capital	14	100	100
Profit and loss account		449	184
Equity shareholders' funds	15	549	284

The financial statements on pages 4 to 13 were approved by the board of directors on 26 October 1998 and signed on their behalf by:



DW Forrester
Director

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

Notes to the financial statements

31 December 1997

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are set out below.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment and are depreciated on a straight-line basis. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value of each asset, over their estimated useful lives, as follows:

Leasehold improvements	- over the life of the lease
Fixtures, fittings, equipment and motor vehicles	- 10%-50%

Residual value is calculated at prices prevailing at the date of acquisition.

c) 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 upon disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

d) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities) has been calculated using the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

e) Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Notes to the financial statements (continued)

1 Accounting policies (continued)

f) Pension costs

The company participates in a defined contribution pension scheme. The amount charged to the profit and loss account represents the amount of contributions payable by the company to the pension scheme in respect of the period. The assets are held separately from those of the company in an independently administered fund.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

g) Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

h) Turnover

Turnover comprises the amount receivable for goods and services supplied in the normal course of business, net of trade discounts, VAT and other sales related taxes.

i) Cash flow statement

The company has relied upon the exemption given in Paragraph 5(a) of Financial Reporting Standard Number 1 "Cash Flow Statements," from the obligation to present a cash flow statement as it is a wholly-owned subsidiary undertaking of a company, incorporated in the UK, which prepares a consolidated cash flow statement.

j) Related party transactions

The company has taken advantage of the exemption given by Financial Reporting Standard Number 8 "Related Party Disclosures," not to disclose transactions with entities within the group headed by Bio-Rad Laboratories Inc.

2 Segment information

The turnover and profit on ordinary activities before taxation are attributable to one activity, the sale of chemicals and equipment for medical and research purposes. All turnover was generated in the United Kingdom. The analysis of turnover by destination is given below:

	1997	1996
	£'000	£'000
United Kingdom	8,180	7,719
Europe	5,875	7,337
Middle East	449	490
Africa	413	339
Other	630	197
	<u>15,547</u>	<u>16,082</u>

Notes to the financial statements (continued)

3 Other operating expenses (net)

	1997	1996
	£'000	£'000
Distribution costs	5,660	5,225
Administrative expenses	518	774
	<u>6,178</u>	<u>5,999</u>

4 Interest receivable and similar income

	1997	1996
	£'000	£'000
Bank interest income	<u>18</u>	<u>9</u>

5 Interest payable and similar charges

	1997	1996
	£'000	£'000
Other loans	<u>72</u>	<u>69</u>

6 Profit on ordinary activities before taxation is stated after charging

	1997	1996
	£'000	£'000
Depreciation - owned assets	220	232
Operating lease rentals - plant and machinery	26	7
- other	181	181
Exchange losses	<u>155</u>	<u>42</u>

Audit fees in respect of 1997 and 1996 were borne by the ultimate parent company. Fees paid to the auditors for non-audit work during 1997 amounted to £17,505 (year ended 31 December 1996: £18,300).

Notes to the financial statements (continued)

7 Staff costs

	1997 Number	1996 Number
The average monthly number of employees (including directors) was:		
Administration	18	18
Sales and distribution	47	44
	<u>65</u>	<u>62</u>

	£'000	£'000
Employee costs during the year amounted to:		
Wages and salaries	1,439	1,345
Social security costs	144	135
Other pension costs	53	50
	<u>1,636</u>	<u>1,530</u>

Directors' remuneration

	1997 £'000	1996 £'000
Emoluments	92	97
Money purchase contributions	4	4
	<u>96</u>	<u>101</u>

	1997 Number	1996 Number
Number of directors who are members of money purchase pension schemes	<u>1</u>	<u>1</u>

Notes to the financial statements (continued)

8 Tax on profit on ordinary activities

	1997 £'000	1996 £'000
The tax charge is based on the profit for the year and comprises:		
Corporation tax at 31% (1996: 33%)	110	184
less corporation tax eliminated by group relief	(110)	-
Deferred taxation	40	(40)
	<u>40</u>	<u>144</u>
Adjustments in respect of prior years		
- current taxation	(9)	(30)
	<u>31</u>	<u>114</u>

Corporation tax amounting to £110,000 has been eliminated by the transfer of operating losses from a fellow subsidiary company which have been surrendered under the group relief provisions, without any corresponding payment.

9 Tangible fixed assets

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
1 January 1997	23	465	7	495
Additions	-	199	-	199
Disposals	-	(33)	(7)	(40)
31 December 1997	<u>23</u>	<u>631</u>	<u>-</u>	<u>654</u>
Depreciation				
1 January 1997	6	214	4	224
Charge for the year	6	214	-	220
Disposals	-	(29)	(4)	(33)
31 December 1997	<u>12</u>	<u>399</u>	<u>-</u>	<u>411</u>
Net book value				
31 December 1996	<u>17</u>	<u>251</u>	<u>3</u>	<u>271</u>
31 December 1997	<u>11</u>	<u>232</u>	<u>-</u>	<u>243</u>

Notes to the financial statements (continued)

10 Debtors

	1997 £'000	1996 £'000
Amounts falling due within one year:		
Trade debtors	3,276	3,555
Amounts owed by group undertakings	31	166
Deferred tax asset (see note 13b)	-	40
VAT recoverable	-	1
Prepayments and accrued income	113	149
	<u>3,420</u>	<u>3,911</u>

11 Creditors: Amounts falling due within one year

	1997 £'000	1996 £'000
Trade creditors	197	176
Amounts owed to group undertakings	2,864	2,301
Other creditors:		
- social security and PAYE	98	51
- UK corporation tax payable	-	184
- accrued pension contributions	-	9
Accruals and deferred income	261	327
	<u>3,420</u>	<u>3,048</u>

12 Creditors: Amounts falling due after more than one year

	1997 £'000	1996 £'000
Amounts owed to group undertakings	<u>2,260</u>	<u>2,260</u>

Amounts due to other group undertakings represents the consideration due to Bio-Rad Limited on the acquisition of its trade and assets on 31 December 1995. No repayment date has been fixed for the group loans.

Notes to the financial statements (continued)

13 Provision for liabilities and charges

	1997 £'000	1996 £'000
a) Provision for warranties	113	113
The movement on the warranty provision during the year was as follows:	1997 £'000	1996 £'000
At start of year	113	133
Utilised in year	-	(20)
At end of year	113	113

b) The deferred tax asset of £40,000 recognised in prior year represented the excess of book depreciation over tax allowances claimed on tangible fixed assets and the tax effect of certain accounts. This has been written down to £nil in the current year under review. The company has a potential deferred tax asset of £70,000, representing the excess of book depreciation over tax allowances on tangible fixed assets, which has not been provided in these accounts.

14 Called-up share capital

	1997 £'000	1996 £'000
<i>Authorised, allotted, called-up and fully paid</i> 100,000 ordinary shares of £1 each	100	100

15 Reconciliation of movement in shareholders' funds

	1997 £'000	1996 £'000
Opening shareholders' funds	284	100
Retained profit for the financial year	265	184
Closing shareholders' funds	549	284

Notes to the financial statements (continued)

16 Guarantees and other financial commitments

a) Capital commitments

At 31 December 1997 there were no outstanding capital commitments (1996: £nil).

b) Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	1997 £'000	1996 £'000
Operating leases which expire		
- within one year	54	13
- between two and five years	155	176
	<u>209</u>	<u>189</u>

c) Contingent liabilities

The company has made a Duty Deferment Guarantee to HM Customs and Excise of £400,000 (1996: £400,000).

d) Pension arrangements

The company participates in a defined contribution pension scheme. The pension cost charge for the year was £53,297 (1996: £50,000). At the end of the period there was an accrual for contributions of £212 (1996: £9,284).

17 Ultimate parent company

The company is a wholly-owned subsidiary undertaking of Bio-Metrics (UK) Limited, registered in England and Wales.

The ultimate parent company and largest group in which the results of the company are consolidated is that headed by Bio-Rad Laboratories Inc., incorporated in the United States of America. The consolidated financial statements of this group are available to the public and may be obtained from 1000 Alfred Noble Drive, Hercules, California 94547, USA.

The smallest group in which the results of the company are consolidated is that headed by Bio-Metrics (UK) Limited. The consolidated financial statements of this group are available to the public and may be obtained from Bio-Rad House, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TD.

The ultimate controlling party of the group is D. Schwartz.