

Registration number: 3044694

Bio-Rad Laboratories Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015



Bio-Rad Laboratories Limited

Company Information

Directors	N.D Schwartz P Howard
Company secretary	S J Lawrence
Registered office	Bio-Rad House Maxted Road Hemel Hempstead Hertfordshire HP2 7DX
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 2015

The directors present their strategic report for the year ended 31 December 2015.

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 UK, Belgium and Holland, and indirectly in the UK and worldwide through its fellow subsidiaries. The directors are not aware of any likely major changes in the company's activities in the next year.

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 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	2015	2014
Turnover	£ 000	58,027	56,578
Gross profit	%	35	31
Operating profit	£ 000	1,048	1,228
Net assets	£ 000	17,496	23,851

Transition to FRS 102

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 for the year ended 31 December 2015 are the first the company has prepared in accordance with FRS 102. Refer to note 25 for an explanation of the transition.

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.

Bio-Rad Laboratories Limited

Strategic Report for the Year Ended 31 December 2015 (continued)

Principal risks and uncertainties (continued)

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.

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.

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.

Approved by the Board on 27 January and signed on its behalf by:
2017



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N D Schwartz
Director

Bio-Rad House
Maxted Road
Hemel Hempstead
Hertfordshire
HP2 7DX

Bio-Rad Laboratories Limited

Directors' Report for the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Dividends

The directors do not recommend the payment of a dividend (2014:£nil).

Directors of the company

The directors who held office during the year, and to the date of this report, 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.

Future developments

The company anticipates the outlook for 2016 to be similar to 2015 as it continues to further develop its product range.

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.

Approved by the Board on 27 Jan and signed on its behalf by:


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N D Schwartz
Director

Bio-Rad House
Maxted Road
Hemel Hempstead
Hertfordshire
HP2 7DX

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 2015, set out on pages 8 to 30. 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 2015 and of its loss 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 for which the financial statements are prepared is consistent with the financial statements.

Bio-Rad Laboratories Limited

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



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

Date: 31 January 2017

Bio-Rad Laboratories Limited

Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Turnover	3	58,027	56,578
Cost of sales		<u>(37,539)</u>	<u>(39,067)</u>
Gross profit		20,488	17,511
Distribution costs		(15,584)	(13,420)
Administrative expenses		<u>(3,856)</u>	<u>(2,863)</u>
Operating profit	4	1,048	1,228
Other interest receivable and similar income	8	8	13
Amounts written off investments	12	(7,400)	-
Interest payable and similar charges	9	<u>(72)</u>	<u>(67)</u>
(Loss)/profit before tax		(6,416)	1,174
Tax on (loss)/profit on ordinary activities	10	<u>61</u>	<u>(500)</u>
(Loss)/profit for the financial year		<u>(6,355)</u>	<u>674</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.

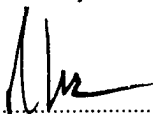
Bio-Rad Laboratories Limited

(Registration number: 3044694)

Balance Sheet as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Fixed assets			
Tangible assets	11	1,239	928
Investments	12	<u>4,660</u>	<u>12,060</u>
		<u>5,899</u>	<u>12,988</u>
Current assets			
Stocks	13	3,418	3,456
Debtors	14	15,831	19,987
Cash at bank and in hand		<u>10,953</u>	<u>9,642</u>
		30,202	33,085
Creditors: Amounts falling due within one year	15	<u>(17,408)</u>	<u>(21,014)</u>
Net current assets		<u>12,794</u>	<u>12,071</u>
Total assets less current liabilities		18,693	25,059
Provisions for liabilities	16	<u>(1,197)</u>	<u>(1,208)</u>
Net assets		<u>17,496</u>	<u>23,851</u>
Capital and reserves			
Called up share capital	17	100	100
Retained earnings	18	<u>17,396</u>	<u>23,751</u>
Total equity		<u>17,496</u>	<u>23,851</u>

The financial statements were approved and authorised for issue by the Board on 27 January and signed on its behalf by: 2017



N D Schwartz
Director

Bio-Rad Laboratories Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	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)
At 31 December 2015	<u>100</u>	<u>17,396</u>	<u>17,496</u>

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2014	100	22,925	23,025
Profit for the year	-	674	674
Share based payment transactions (note 21)	-	152	152
At 31 December 2014	<u>100</u>	<u>23,751</u>	<u>23,851</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 General information

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

The address of its registered office is:

Bio-Rad House
Maxted Road
Hemel Hempstead
Hertfordshire
HP2 7DX

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 for the year ended 31 December 2015 are the first the company has prepared in accordance with FRS 102. Refer to note 25 for an explanation of the transition.

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.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

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:

- from disclosing the company key management personnel compensation; and
- 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;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, including:
 - (1) categories of financial instruments;
 - (2) items of income, expenses, gains or losses relating to financial instruments; and
 - (3) exposure to and management of financial risk.

Name of parent group

The financial statements of Bio-Rad Laboratories Inc. may be obtained from the US SEC/EDGAR, <https://www.sec.gov/cgi-bin/browse-edgar?company=&match=&filenum=1-7928&State=CA&Country=2J&SIC=&myowner=exclude&action=getcompany>.

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.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

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.

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.

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.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Tangible assets

Tangible assets is 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:

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 carry 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.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

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. Accounts payable 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.

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.

Related party transactions

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

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 2015 (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:

	2015 £ 000	2014 £ 000
Sale of goods	55,089	53,843
Rendering of services	2,938	2,735
	<u>58,027</u>	<u>56,578</u>

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

	2015 £ 000	2014 £ 000
UK	28,434	25,994
Europe	22,941	24,092
Rest of world	6,652	6,492
	<u>58,027</u>	<u>56,578</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

4 Operating profit

Arrived at after charging/(crediting)

	2015 £ 000	2014 £ 000
Depreciation expense	518	695
Foreign exchange (gains)/losses	(328)	90
Operating lease expense - property	300	240
Operating lease expense - plant and machinery	639	215
Loss on disposal of property, plant and equipment	7	18
Write off of intercompany debtors	<u>1,140</u>	<u>-</u>

The write off of intercompany debtors in the 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

	2015 £ 000	2014 £ 000
Audit of these financial statements	<u>60</u>	<u>50</u>
Other fees to auditor		
Audit of financial statements of subsidiaries of the company	4	4
Audit-related assurance services	<u>12</u>	<u>-</u>
	<u>76</u>	<u>54</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

6 Staff costs

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

	2015 £ 000	2014 £ 000
Wages and salaries	7,490	7,480
Social security costs	865	803
Pension costs, defined contribution scheme	374	347
	<u>8,729</u>	<u>8,630</u>

The wages and salaries charge above also includes £131,000 (2014 - £257,000) 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:

	2015 No.	2014 No.
Management and administration	52	52
Sales, marketing and distribution	86	82
	<u>138</u>	<u>134</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015 £ 000	2014 £ 000
Remuneration	116	128
Contributions paid to money purchase schemes	6	6
	<u>122</u>	<u>134</u>

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

	2015 No.	2014 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 2015 (continued)

8 Other interest receivable and similar income

	2015 £ 000	2014 £ 000
Interest receivable from related parties	5	13
Other interest receivable	3	-
	<u>8</u>	<u>13</u>

9 Interest payable and similar charges

	2015 £ 000	2014 £ 000
Interest payable to related parties	<u>72</u>	<u>67</u>

10 Income tax

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

	2015 £ 000	2014 £ 000
Current taxation		
UK corporation tax	325	289
UK corporation tax adjustment to prior periods	(283)	117
	<u>42</u>	<u>406</u>
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(103)</u>	<u>94</u>
Tax (receipt)/expense in the profit and loss account	<u>(61)</u>	<u>500</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.5%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
(Loss)/profit before tax	<u>(6,416)</u>	<u>1,174</u>
Corporation tax at standard rate	(1,299)	252
Expenses not deductible	1,572	130
Adjustment for prior periods	(283)	117
Tax (decrease)/increase from effect of exercise of employee share options	(31)	21
Tax decrease arising from overseas tax suffered/expensed	<u>(20)</u>	<u>(20)</u>
Total tax (credit)/charge	<u>(61)</u>	<u>500</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

10 Income tax (continued)

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.

In his budget of 2015, the Chancellor of the Exchequer proposed a decrease in the rate of main UK corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. These rates were substantively enacted on 26 October 2015 and, in accordance with accounting standards, has been reflected in the company's financial statements in the current year. In March 2016 a further decrease in the rate to 17% was announced, however this change has not currently been substantively enacted.

Deferred tax

The deferred tax asset at the year end comprises of the following:

	Asset £ 000
2015	
Difference between accumulated depreciation and capital allowances	171
Other timing differences	238
	<u>409</u>
2014	Asset £ 000
Difference between accumulated depreciation and capital allowances	165
Other timing differences	141
	<u>306</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

11 Tangible assets

	Land and buildings £ 000	Fixtures, fittings and equipment £ 000	Total £ 000
Cost			
At 1 January 2015	483	4,513	4,996
Additions	-	1,534	1,534
Disposals	(447)	(1,427)	(1,874)
At 31 December 2015	<u>36</u>	<u>4,620</u>	<u>4,656</u>
Depreciation			
At 1 January 2015	460	3,608	4,068
Charge for the year	9	509	518
Eliminated on disposal	(447)	(722)	(1,169)
At 31 December 2015	<u>22</u>	<u>3,395</u>	<u>3,417</u>
Carrying amount			
At 31 December 2015	<u>14</u>	<u>1,225</u>	<u>1,239</u>
At 31 December 2014	<u>23</u>	<u>905</u>	<u>928</u>

Included within the net book value of land and buildings above is £14,000 (2014 - £23,000) in respect of short leasehold land and buildings.

Included in Fixtures, fittings and equipment above are reagent rental assets at 31 December 2015 with a cost of £4,348,000 (2014: £3,906,000), accumulated depreciation of £3,136,000 (2014: £3,019,000) and net book value of £1,212,000 (2014: £887,000). 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 2015 (continued)

12 Investments in subsidiaries

	2015 £ 000	2014 £ 000
Investments in subsidiaries	<u>4,660</u>	<u>12,060</u>
Subsidiaries		£ 000
Cost		
As 1 January 2015 and 31 December 2015		<u>12,060</u>
Provision		
At 1 January 2015		-
Provision		<u>7,400</u>
At 31 December 2015		<u>7,400</u>
Carrying amount		
At 31 December 2015		<u>4,660</u>
At 31 December 2014		<u>12,060</u>

During the year, the directors have reviewed the future cash flow projections for Diamed (GB) Limited and have concluded that the investment is impaired. Accordingly, an impairment charge of £7,400,000 has been charged to the profit and loss account for the year.

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2015	2014
Diamed (GB) Limited	England and Wales	Ordinary shares	100%	100%

The principal activity of Diamed (GB) Limited is the sale of diagnostic and medical products.

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

13 Stocks

	2015 £ 000	2014 £ 000
Finished goods and goods for resale	<u>3,418</u>	<u>3,456</u>

The cost of stocks recognised as an expense in the year amounted to £33,471,000 (2014 - £34,594,000).

The amount of impairment loss included in profit or loss is £1,034,000 (2014 - £549,000). The impairment charge and the reversal are included within the 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	2015 £ 000	2014 £ 000
Trade receivables		11,223	9,865
Amounts owed by related parties	23	3,323	8,313
Loans to related parties	23	600	600
Prepayments		276	903
Deferred tax assets	10	<u>409</u>	<u>306</u>
Total current trade and other receivables		<u>15,831</u>	<u>19,987</u>

Amounts owed by related parties are stated after a provision for impairment of £1,140,000 (2014:£NIL). 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 £64,000 (2014:£74,000).

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

15 Creditors

	Note	2015 £ 000	2014 £ 000
Due within one year			
Trade creditors		281	560
Amounts due to related parties	23	14,277	16,042
Social security and other taxes		851	834
Outstanding defined contribution pension costs		60	51
Other payables		58	162
Accrued expenses		1,781	3,308
Income tax liability		100	57
		<u>17,408</u>	<u>21,014</u>

Included within amounts due to related parties above are three loans: a £2,260,000 (2014: £2,260,000) loan payable to a dormant fellow subsidiary which is interest free, a £1,200,000 (2014: £1,200,000) loan from a fellow subsidiary which bears interest at 0.5% per annum and a £6,000,000 from a fellow subsidiary which bears interest at 1% per annum. All three loans are repayable on demand.

All other payables to related parties 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.

16 Provisions

	Warranties £ 000	Dilapidations provision £ 000	Sales returns provisions £ 000	Total £ 000
At 1 January 2015	687	485	36	1,208
Additional provisions	1,018	-	30	1,048
Decrease in existing provisions	(123)	-	-	(123)
Provisions used	<u>(900)</u>	<u>-</u>	<u>(36)</u>	<u>(936)</u>
At 31 December 2015	<u>682</u>	<u>485</u>	<u>30</u>	<u>1,197</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 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 5 years.

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

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

17 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Rights, preferences and restrictions

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

18 Reserves

Called-up share capital

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

Retained earnings

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:

	2015 £ 000	2014 £ 000
Not later than one year	934	736
Later than one year and not later than five years	497	680
Later than five years	<u>88</u>	<u>307</u>
	<u>1,519</u>	<u>1,723</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £939,000 (2014 - £455,000).

Operating leases - lessor

The total of future minimum lease payments is as follows:

	2015 £ 000	2014 £ 000
Not later than one year	2,075	1,898
Later than one year and not later than five years	3,248	3,579
Later than five years	<u>76</u>	<u>642</u>
	<u>5,399</u>	<u>6,119</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

19 Obligations under leases and hire purchase contracts (continued)

Included in tangible fixed assets are reagent rental assets at 31 December 2015 with a cost of £4,348,000 (2014: £3,906,000), accumulated depreciation of £3,136,000 (2014: £3,019,000) and net book value of £1,212,000 (2014: £887,000). These relate to assets owned by the company which are rented by third parties under operating leases.

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 £374,000 (2014 - £347,000).

Contributions totalling £60,000 (2014 - £51,000) were payable to the scheme at the end of the year and are included in creditors.

21 Share-based payments

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 2015 (continued)

21 Share-based payments (continued)

	2015		2014	
	Number of RSUs	Weighted average grant date fair value \$	Number of RSUs	Weighted average grant date fair value \$
Outstanding at 1 January	6,594	114.05	9,390	106.45
Awarded	3,585	139.56	2,985	119.54
Forfeited	(1,000)	118.33	(4,310)	105.72
Released	(1,730)	109.81	(1,471)	101.10
Outstanding at 31 December	<u>7,449</u>	<u>126.74</u>	<u>6,594</u>	<u>114.05</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 £131,000 (2014 - £257,000). A re-charge was made from the parent company in respect of share based payments of £131,000 (2014 - £105,000) resulting in an increase in equity in respect of the parent company contribution of £NIL (2014 - £152,000) as shown in the Statement of Changes in Equity.

The weighted average remaining service period for outstanding RSUs at 31 December 2015 was 2.35 years (2014 - 2.23 years).

22 Commitments

The company has made a Duty Deferment Guarantee to HM Revenue and Customs of £60,000 (2014: £60,000)

23 Related party transactions

The company is exempt from disclosing related party transactions that 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 and controlling party is Bio-Rad Laboratories, Inc., incorporated in USA.

The most senior parent entity producing publicly available consolidated financial statements in which this company is included 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 2015 (continued)

25 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

Balance Sheet at 1 January 2014

	Note	As originally reported £ 000	Re-classification £ 000	As restated £ 000
Fixed assets				
Tangible assets		1,114	-	1,114
Investments		12,060	-	12,060
		<u>13,174</u>	<u>-</u>	<u>13,174</u>
Current assets				
Stocks		4,325	-	4,325
Debtors		16,348	-	16,348
Cash at bank and in hand		7,859	-	7,859
		<u>28,532</u>	<u>-</u>	<u>28,532</u>
Creditors: Amounts falling due within one year	25.1	<u>(8,261)</u>	<u>(9,460)</u>	<u>(17,721)</u>
Net current assets/(liabilities)		<u>20,271</u>	<u>(9,460)</u>	<u>10,811</u>
Total assets less current liabilities		33,445	(9,460)	23,985
Creditors: Amounts falling due after more than one year	25.1	(9,460)	9,460	-
Provisions for liabilities		<u>(960)</u>	<u>-</u>	<u>(960)</u>
Net assets		<u>23,025</u>	<u>-</u>	<u>23,025</u>
Capital and reserves				
Called up share capital		100	-	100
Retained earnings		22,925	-	22,925
Total equity		<u>23,025</u>	<u>-</u>	<u>23,025</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

25 Transition to FRS 102 (continued)

Balance Sheet at 31 December 2014

	Note	As originally reported £ 000	Re- classification £ 000	As restated £ 000
Fixed assets				
Tangible assets		928	-	928
Investments		12,060	-	12,060
		<u>12,988</u>	<u>-</u>	<u>12,988</u>
Current assets				
Stocks		3,456	-	3,456
Debtors		19,987	-	19,987
Cash at bank and in hand		9,642	-	9,642
		<u>33,085</u>	<u>-</u>	<u>33,085</u>
Creditors: Amounts falling due within one year	25.1	<u>(17,554)</u>	<u>(3,460)</u>	<u>(21,014)</u>
Net current assets/(liabilities)		<u>15,531</u>	<u>(3,460)</u>	<u>12,071</u>
Total assets less current liabilities		28,519	(3,460)	25,059
Creditors: Amounts falling due after more than one year	25.1	(3,460)	3,460	-
Provisions for liabilities		<u>(1,208)</u>	<u>-</u>	<u>(1,208)</u>
Net assets		<u>23,851</u>	<u>-</u>	<u>23,851</u>
Capital and reserves				
Called up share capital		100	-	100
Retained earnings		23,751	-	23,751
Total equity		<u>23,851</u>	<u>-</u>	<u>23,851</u>

Bio-Rad Laboratories Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

25 Transition to FRS 102 (continued)

Profit and Loss Account for the year ended 31 December 2014

	Note	As originally reported £ 000	Re- measurement £ 000	As restated £ 000
Turnover		56,578	-	56,578
Cost of sales		<u>(39,067)</u>	-	<u>(39,067)</u>
Gross profit		17,511	-	17,511
Distribution costs		(13,420)	-	(13,420)
Administrative expenses		<u>(2,863)</u>	-	<u>(2,863)</u>
Operating profit		1,228	-	1,228
Other interest receivable and similar income		13	-	13
Interest payable and similar charges		<u>(67)</u>	-	<u>(67)</u>
Profit before tax		1,174	-	1,174
Taxation		<u>(500)</u>	-	<u>(500)</u>
Profit for the financial year		<u>674</u>	-	<u>674</u>

25.1 Creditors

The directors have reviewed the creditor balances previously classified as due after more than one year from the balance sheet date under previous UK GAAP, and have concluded that under FRS 102 these should be reclassified as balances due within one year in the absence of formally documented repayment terms.