

Thermo Electron (Management Services) Limited

Annual report and financial statements for the year ended 31 December 2015

Company registration number: 3153068



THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2015

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THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

L Grant
N Ince
D Norman

Company Secretary

Oakwood Company Secretary Limited
R Gregg

Registered office

3rd Floor
1 Ashley Road
Altrincham
WA14 2DT

Bankers

Barclays Bank
1 Churchill Place
London
E14 5HP

Solicitors

Addleshaw Goddard
100 Barbirolli Square
Manchester
M2 3AB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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

Review of the business

The directors are satisfied with the performance in the year due to the continued growth from the centralisation of activities within the European group companies. The directors expect to see similar turnover levels in the future.

The company will continue to operate within its existing principal activity of providing management services to other group companies for the future.

Results and key performance indicators

The directors believe that the key performance indicators ('KPIs') are covering its operating expenses and profitability.

Turnover has increased from £18,371,000 to £20,452,000 as a result of increased centralisation of management costs recharged out to the business units in Europe.

The profit for the financial year was £387,000 (2014: £590,000) which will be transferred to reserves.

Operating margins increased marginally in relation to sales to 4% (2014: 5%) in line with management expectations.

Employee numbers increased by 28 (29%) in the year as employees performing corporate work for the management services company were transferred from other group companies to Thermo Electron (Management Services) Limited.

Principal risks and uncertainties

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

Financial risk management

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

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

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Currency risk

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

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Principal risks and uncertainties (continued)

Interest rate cash flow risk

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

Events after the reporting period

On 23 June 2016 a referendum was held and the outcome of the vote determined that the United Kingdom would leave the European Union. At the time of the signing of the statutory accounts the details of how and when the United Kingdom will leave the European Union, and its affect on the financial markets, are unclear and as such it is not possible to estimate the impact of this event.

Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. There were no changes in accounting policies which resulted in a change to the profit for the financial year ended 31 December 2014 or the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102. There were no changes in classification as a result of the adoption of FRS 102 (see note 22).

On behalf of the board



N Ince
Director

22 July 2016

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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

Future developments

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

Dividends

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

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Thermo Fisher Scientific Inc. The directors have received confirmation that Thermo Fisher Scientific Inc intend to support the company for at least one year after these financial statements are signed.

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

Financial risk management and research and development

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

Directors

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

L Grant

N Ince (appointed 10 September 2015)

D Norman (appointed 16 November 2015)

K N Wheeler (resigned 16 November 2015)

K Wright (resigned 4 September 2015)

Third party indemnity provision

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

Research and development

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

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Employees

The company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance and, accordingly, maintains regular communications with employees and has well established consultation arrangements.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law).

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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

Disclosure of information to auditors

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

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

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

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Independent Auditors

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

On behalf of the board



N Ince
Director

22 July 2016

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

Report on the financial statements

Our opinion

In our opinion, Thermo Electron (Management Services) Limited's financial statements (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 profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual Report", comprise:

the Balance Sheet as at 31 December 2015;

- the Profit and loss account and the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements 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".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matters

The company has passed a resolution in accordance with section 506 of the Companies Act 2006 that the senior statutory auditor's name should not be stated



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

22 July 2016

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER
2015
PROFIT AND LOSS ACCOUNT

		Year ended 31 December	
	Note	2015 £'000	2014 £'000
Turnover	3	20,452	18,371
Gross profit		20,452	18,371
Administrative expenses		(19,593)	(17,465)
Operating profit	4	859	906
Profit on ordinary activities before interest and taxation		859	906
Interest receivable and similar income	7	322	427
Interest payable and similar charges	7	(794)	(743)
Net interest expense	7	(472)	(316)
Profit on ordinary activities before taxation		387	590
Tax on profit on ordinary activities	8	-	-
Profit for the financial year		387	590

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED
STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2015 £'000	2014 £'000
Profit for the financial year		387	590
Other comprehensive income:			
Total tax on components of other comprehensive income	8	-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		387	590

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

BALANCE SHEET

		As at 31 December	
	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	9	3,726	2,611
Investments	10	47,934	47,934
		51,660	50,545
Current assets			
Debtors	11	2,299	1,449
Cash at bank and in hand		10,852	11,050
		13,151	12,499
Creditors: amounts falling due within one year	12	(43,047)	(40,672)
Net current liabilities		(29,896)	(28,173)
Total assets less current liabilities		21,764	22,372
Post-employment benefits	13	-	-
Net assets		21,764	22,372
Capital and reserves			
Called up share capital	16	4,000	4,000
Share premium account		3,036	3,036
Retained earnings		14,728	15,336
Total equity		21,764	22,372

The notes on pages 15 to 32 are an integral part of these financial statements.

The financial statements on pages 11 to 32 were authorised for issue by the board of directors on 22 July 2016 and were signed on its behalf



N Ince

Director

Thermo Electron (Management Services) Limited

Company registration number: 3153068

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

STATEMENT OF CHANGES IN EQUITY

		£'000	£'000	£'000	£'000
	Note	Called up share capital	Share premium	Retained earnings ¹	Total
Balance as at 1 January 2014		4,000	3,036	14,265	21,301
Profit for the financial year		-	-	590	590
Total comprehensive income for the year		-	-	590	590
Credit relating to equity-settled share-based payments	6	-	-	481	481
Total transactions with owners, recognised directly in equity		-	-	481	481
Balance as at 31 December 2014		4,000	3,036	15,336	22,372
Balance as at 1 January 2015		4,000	3,036	15,336	22,372
Profit for the financial year		-	-	387	387
Total comprehensive income for the year		-	-	387	387
Credit relating to equity-settled share-based payments	6	-	-	475	475
Charge from parent for equity-settled share-based payments	6	-	-	(1,470)	(1,470)
Total transactions with owners, recognised directly in equity		-	-	(995)	(995)
Balance as at 31 December 2015		4,000	3,036	14,728	21,764

¹ Retained earnings represents accumulated comprehensive income for the year and prior periods plus share-based payments adjustments and related tax credits, charges from the parent company for share-based payments less dividends paid.

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. General Information

Thermo Electron (Management Services) Limited ('the company') provides management services to other group companies in the UK and the rest of Europe.

Statement of compliance

The individual financial statements of Thermo Electron (Management Services) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 22.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Thermo Fisher Scientific Inc. The directors have received confirmation that Thermo Fisher Scientific Inc intend to support the company for at least one year after these financial statements are signed.

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

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions.

Cash flow statement and related party disclosures

The company is included in the consolidated financial statements of Thermo Fisher Scientific Inc. which are publically available. Consequently, as the company is a 100% owned subsidiary, the company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Thermo Fisher Scientific Inc., includes the company's cash flows in its own consolidated financial statements. The company has taken advantage of the exemption contained within FRS102 and not disclosed transactions or balances with companies that are fellow wholly owned subsidiaries of the Thermo Fisher Scientific Inc. group (see note 20).

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. General Information (continued)

Exemptions for qualifying entities under FRS 102 (continued)

Share-based payments

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

Consolidated financial statements

The financial statements contain information about Thermo Electron (Management Services) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Thermo Fisher Scientific Inc, a company incorporated in the United States of America (see note 20).

Foreign currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

Foreign exchange gains and losses are presented in the profit and loss account within 'Administrative expenses'.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount received for services rendered, net of value added taxes. Revenue is calculated by uplifting administrative costs. Administrative costs are recognised and recharged on an accruals basis.

Interest income

Interest income is recognised using the effective interest rate method.

Employee benefits

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

(i) Short term benefits

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

(ii) Defined contribution pension plans

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

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. General Information (continued)

Employee benefits (continued)

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

Annual bonus plan

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

Share-based payments

Where the company participates in a share-based payment arrangement established by a group company the company 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 payments 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.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

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

(ii) Deferred tax

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

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

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

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. General Information (continued)

Tangible assets

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

Fixtures, fittings, and computer equipment

Fixtures, fittings, and computer equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

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

Fixtures, fittings and computer equipment - 3 to 5 years

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

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

Derecognition

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

Operating leased assets

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

Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Cash and cash equivalents

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

Provisions and contingencies

Provisions

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

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

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. General Information (continued)

Provisions and contingencies (continued)

In particular:

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

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

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

Contingencies

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

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

Financial instruments

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

Financial assets

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

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

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

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

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. General Information (continued)

Financial instruments (continued)

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

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

Financial liabilities

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

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

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

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

Offsetting

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

Share capital

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

Share premium

The share premium account is classified as equity. The share premium account represents the value paid by the shareholder in excess of the par value of share capital issued. This account can be used to write off equity-related expenses, such as underwriting costs, and may also be used to issue bonus shares.

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. General Information (continued)

Distributions to equity holders

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

Related party transactions

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

2 Critical accounting judgements and estimation uncertainty

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

(a) Critical judgements in applying the entity's accounting policies

Share-based payments

The company's employees have been granted share options by the ultimate parent company, Thermo Electron (Management Services) Limited. The company makes use of the exemption in Section 26 of FRS 102 to account for the expense based on a reasonable allocation of the parent company's total expense. The company has calculated its allocation of the parent company's total expense based on the number of participating employees in the company compared to the number of participating employees in the group.

The company also considered an allocation based on the relative remuneration cost of the relevant employees and considered that this gave rise to no significant differences in the allocated costs.

(b) Critical accounting estimates and assumptions

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

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for the carrying amount of the property plant and equipment, and note 1 for the useful economic lives for each class of assets.

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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3 Turnover

Turnover by geography	2015 £'000	2014 £'000
United Kingdom	4,446	4,100
Rest of Europe	16,006	14,271
	20,452	18,371
Turnover by nature	2015 £'000	2014 £'000
Rendering of services	20,452	18,371
	20,452	18,371

4 Operating profit

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

	Note	2015 £'000	2014 £'000
Wages and salaries		8,518	6,985
Social security costs		1,899	1,829
Other pension costs	13	313	346
Share-based payments	6	475	481
Staff costs		11,205	9,641
Reorganisation expense		143	162
Operating lease charges			
- Other		57	61
Depreciation of tangible fixed assets			
- Owned assets		1,231	602
Foreign exchange gain		(248)	(477)
Audit fees payable to the company's auditors		17	16

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015

5 Employees and directors

By activity

	2015	2014
	Number	Number

Average monthly numbers of persons employed (including directors) by the company during the year was:

Administration	126	98
	126	98

Directors

	2015	2014
	£'000	£'000
Aggregate emoluments	368	392
Company contributions to defined contribution pension scheme	25	23
	393	415

Retirement benefits accrued to no directors (2014: no directors) under a defined benefit scheme.
Retirement benefits accrued to 3 (2014: 3) directors under a money purchase pension scheme.

During the year 1 director (2014: 2 directors) exercised options over shares of Thermo Fisher Scientific Inc.

In 2015 3 (2014: 3) directors were entitled to shares under a long-term incentive scheme.

Highest paid director	2015	2014
	£'000	£'000
Total emoluments and amounts (excluding shares) receivable under long-term incentive schemes	158	171
Company contributions to defined contribution pension scheme	10	11

The highest paid director exercised share options over shares in Thermo Fisher Scientific Inc. during 2015.

6 Share-based payments

Under the The Employee Incentive Programme (EIP) options and Restricted Stock Units (RSUs) are granted to employees of this company in the shares of the ultimate parent company, Thermo Fisher Scientific Inc. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of the grant. Employees do not pay an exercise price for RSUs. The contractual life of an option is 7 years from the date of the grant. Historically, options are annually granted in February or March. Options and RSUs vest over three or four years from the grant date, with equal proportions being exercisable on each anniversary, subject to continued employment.

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

6 Share-based payments (continued)

New options and RSUs were granted in 2014 and 2015 under the Thermo Fisher Scientific Inc. plan.

The company recognises an equity-settled share-based payment expense based on a reasonable allocation of the total charge for the group. This allocation is the total charge for the group prorated for the number of participating employees of the company.

On exercise of the shares by the employees, the company is charged the intrinsic value of the shares by Thermo Fisher Scientific Inc. Payments of £ 1,470,000 (2014: £nil) were recognised directly in equity.

Options were valued using the Black-Scholes option-pricing model. RSUs are valued at the market price at date of grant.

The fair value per option granted and the assumptions used in the calculation are as follows:

	2015		2014	
	Number (000)	Weighted average share price (£)	Number (000)	Weighted average share price (£)
Outstanding at 1 January	115	46.62	88	33.41
Granted	10	85.75	24	75.43
Forfeited	-	-	(1)	50.22
Transferred	(6)	977.22	55	29.91
Exercised	(32)	38.44	(51)	28.68
Outstanding 31 December	87	53.95	115	46.62
Exercisable at 31 December	52	41.21	55	33.80

	2015		2014	
	Number (000)	Weighted average share price (£)	Number (000)	Weighted average share price (£)
Outstanding at 1 January	11	-	8	-
Granted	4	-	6	-
Transferred	(2)	-	2	-
Exercised	(6)	-	(5)	-
Outstanding 31 December	7	-	11	-

Weighted average disclosures are those which are based on the options relating to all of the UK subsidiaries of the former ultimate parent Thermo Electron Corporation and are used as an approximation of the weighted average disclosures relevant to these financial statements.

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

6 Share-based payments (continued)

The total charge for the year relating to employee share based payment plans was £ 475,000 (2014: £ 481,000) all of which related to equity-settled share based payment transactions. The cumulative charge included in reserves is £3,229,000 (2014: £2,754,000).

The total fair value of options and RSUs granted in the year was £543,000 (2014: £836,000). The amount included in amounts due to group undertakings falling due within one year is £nil (2014: £nil).

7 Net interest expense

Interest receivable and similar income

	2015 £'000	2014 £'000
Bank interest receivable	10	7
Exchange gain on intercompany loan	312	420
Total interest income on financial assets not measured at fair value through profit or loss	322	427
Total interest receivable and similar income	322	427

Interest payable and similar charges

	2015 £'000	2014 £'000
Interest payable on overdrafts and bank loans	(32)	-
Interest payable to group undertakings	(762)	(743)
Total interest expense on financial liabilities not measured at fair value through profit or loss	(794)	(743)
Total interest payable and similar charges	(794)	(743)

Net interest expense

	2015 £'000	2014 £'000
Total interest receivable and similar income	322	427
Total interest payable and similar charges	(794)	(743)
Net interest expense	(472)	(316)

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015

8 Tax on profit on ordinary activities

Tax expense included in profit and loss:

	2015	2014
	£'000	£'000
Current tax		
Total current tax	-	-
Deferred tax		
Impact of changes in tax rates	-	-
Total deferred tax (note 14)	-	-
Tax on profit on ordinary activities	-	-

Tax income included in other comprehensive income:

	2015	2014
	£'000	£'000
Current tax	-	-
Deferred tax	-	-
- Origination and reversal of timing differences	-	-
- Impact of change in tax rates	-	-
Total tax income included in other comprehensive income	-	-

Reconciliation of tax charge:

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK 20.25% (2014: 21.50%). The differences are outlined below:

	2015	2014
	£'000	£'000
Profit on ordinary activities before taxation	387	590
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 20.25% (2014: 21.5%)	78	127
Effects of:		
Expenses not deductible for tax purposes	1	(350)
Movement on deferred tax not recognised	16	219
Group relief surrendered to group companies	97	4
Tax relief for employee share acquisition	(192)	-
Tax charge for the year	-	-

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

8 Tax on profit on ordinary activities (continued)

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 20.25%

Factors that may affect future tax charges:

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

9 Tangible assets

	Fixtures, fittings and computer equipment £'000	Total £'000
Cost		
At 1 January 2015	4,261	4,261
Additions	1,708	1,708
Transfers	638	638
At 31 December 2015	6,607	6,607
Accumulated depreciation		
At 1 January 2015	1,650	1,650
Charge for the year	1,231	1,231
Disposals	-	-
At 31 December 2015	2,881	2,881
Net book value		
At 31 December 2015	3,726	3,726
At 31 December 2014	2,611	2,611

During the year an asset was purchased by another group entity and immediately transferred to Thermo Electron (Management Services) Limited. As a result the asset was transferred at its acquisition cost and there was no associated accumulated depreciation to transfer.

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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10 Investments

	Subsidiary undertakings £'000
Net book value	
At 1 January 2015 and 31 December 2015	47,934
Analysed as:	
Life Sciences International Holdings BV	47,934
Thermo Ramsey Italia S.r.L.	-
	47,934

Fixed asset investments comprise equity shares in Life Sciences International Holdings BV and Thermo Ramsey Italia S.r.L., neither of which are publicly traded.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The company's subsidiaries were as follows:

	Incorporated in	Share Class	Percentage held	Activity
Life Sciences International Holdings BV	Netherlands	Ordinary	100%	Holding Company
Thermo Ramsey Italia S.r.L.	Italy	Ordinary	100%	Development, manufacture and supply of scientific instruments
Bioanalysis Labsystems S.A ¹	Spain	Ordinary	90%	Holding Company
Life Sciences International (Poland) SPzO.O. ¹	Poland	Ordinary	100%	Holding Company

¹. Investment held by Life Sciences International Holdings BV

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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11 Debtors

	2015	2014
	£'000	£'000
Amounts owed by group undertakings	1,724	1,011
Prepayments and accrued income	575	438
	2,299	1,449

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	780	500
Amounts owed to group undertakings	39,725	37,931
Taxation and social security	529	1,452
Accruals and deferred income	2,013	789
	43,047	40,672

The amounts owed to group undertakings include loans of £30,800,000 (2014: £30,800,000) denominated in GBP which are unsecured and repayable on demand. Interest is charged at LIBOR + 1.5%.

13 Post-employment benefits

The company operates a defined contribution scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £ 313,000 (2014: £ 346,000). The liability / prepayment at the year end for the contributions payable to the defined contribution scheme is £nil (2014: £nil).

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015

14 Deferred tax asset

The company does not recognise a deferred tax asset in the balance sheet despite reporting losses in the previous financial periods. The asset continues to be unrecognised as the directors consider its future recovery to be uncertain. There is an unrecognised deferred tax asset which relates principally to the unrelieved tax losses of approximately £1,839,000 (2014: £1,955,000) which are carried forward for relief against future profits of the same trade, subject to agreement with H M Revenue and Custom. The deferred tax asset is made up as follows:

	2015 £'000	2014 £'000
Accelerated capital allowances	85	31
Unrelieved tax losses carried forward	187	413
Other timing differences	1,567	1,511
Deferred tax	1,839	1,955

15 Financial Instruments

The company has the following financial instruments:

	Note	2015 £'000	2014 £'000
Financial assets that are debt instruments measured at amortised cost			
– Amounts owed by group undertakings	11	1,724	1,011
– Other debtors		575	438
		2,299	1,449
Financial liabilities measured at amortised cost			
– Trade creditors		780	500
– Amounts owed to group undertakings	12	39,725	37,931
– Other creditors		2,542	2,241
		43,047	40,672

Derivative financial instruments

The company has no interest rate derivative financial instruments (2014: none).

Interest on bank loans and overdrafts are disclosed in note 7.

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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16 Called up share capital

	2015 £	2014 £
Allotted and fully paid		
4,000,001 (2014: 4,000,001) ordinary shares of £1	4,000,001	4,000,001

17 Contingent assets and liabilities

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

The company receives a recharge from the ultimate parent in respect of share-based payment awards. This recharge is recorded in the financial statements when it is paid. The recharge is based on the exercise of awards by employees, so the timing and amount of the recharge for future years is reliant on uncertain future events, and the liability is therefore disclosed as contingent.

18 Capital and other commitments

	2015 £'000	2014 £'000
Contracts authorised for future capital expenditure not provided in the financial statements	-	-

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

	2015 £'000	2014 £'000
Plant and machinery and vehicles		
Within one year	26	81
Within two to five years	14	34
	40	115

The company has no other off-balance sheet arrangements.

THERMO ELECTRON (MANAGEMENT SERVICES) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

19 Related party transactions

See note 5 for disclosure of the directors' remuneration.

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

20 Controlling parties

The immediate parent undertaking is Life Sciences International Limited whose registered office is 3rd Floor, 1 Ashley Road, Altrincham, WA14 2DT .

The ultimate parent undertaking and controlling party is Thermo Fisher Scientific Inc. which is the largest and smallest group to consolidate these financial statements. The company is incorporated in the United States of America and its common stock is listed on the New York Stock Exchange. Copies of the financial statements of the ultimate parent company are publically available and can be obtained from its headquarters at 81 Wyman Street, Waltham, MA 02454, USA.

21 Events after the end of the reporting period

On 23 June 2016 a referendum was held and the outcome of the vote determined that the United Kingdom would leave the European Union. At the time of the signing of the statutory accounts the details of how and when the United Kingdom will leave the European Union, and its affect on the financial markets, are unclear and as such it is not possible to estimate the impact of this event.

22 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. There were no changes in accounting policies which resulted in a change to the profit for the financial year ended 31 December 2014 or the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102. There were no changes in classification as a result of the adoption of FRS 102.