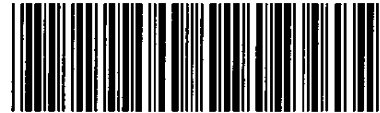


Company Registration No. 00384546 (England and Wales)

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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COMPANIES HOUSE

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

COMPANY INFORMATION

Director	S.M. Swabey V.A. Reuben T.J. Allison	(Resigned 28 June 2018) (Appointed 28 June 2018)
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Company number	00384546
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Registered office	Building 5 Croxley Park Hatters Lane Watford Hertfordshire United Kingdom WD18 8YE
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SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

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SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors of Smith & Nephew Investment Holdings Limited, (the "Company") present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the Company continues to be an investment holding company. As an investment holding company the Directors do not consider it necessary to disclose the Key Performance Indicators.

The Company continues to review its group structure with the intention of liquidating long-term dormant subsidiaries.

Results and dividends

The results for the year are set out on page 4.

The Company made a loss of £10,000 during the year (2017: £nil). The Directors do not recommend the payment of a dividend for the year ended 31 December 2018 (2017: £nil).

Directors

The Directors, who served throughout the year except as noted, was as follows:

S.M. Swabey

V.A. Reuben

T.J. Allison

(Resigned 28 June 2018)

(Appointed 28 June 2018)

Indemnity

The Company's ultimate parent Company, Smith & Nephew plc, has made a qualifying third party indemnity provisions for the benefit of the Company's Directors which were in place throughout the year and which remain in place at the date of approval of this report.

Political donations

No political contributions were made during the year (2017: £nil).

Future developments

Notwithstanding the risks and uncertainties, the Directors do not anticipate any significant change in the activities and results of the Company in the foreseeable future.

Principal risks and uncertainties

The principal risks facing the Company are impairment to the value of the investment in subsidiary undertakings to below cost value, which would occur if there was a decline in performance of the underlying subsidiaries and recoverability of intercompany debts.

Going concern statement

The Company is in a net current liability position. It is able to meet its current liabilities as fellow group undertakings have agreed not to demand repayment of their loans within 12 months from the date of this report. No other uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors.

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

On behalf of the Board

S.M. Swabey

S.M. Swabey

Director

Building 5

Croxley Park

Hatters Lane

Watford

Hertfordshire

United Kingdom

WD18 8YE

Company Registration No. 00384546

Date: *12 September 2019*

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Administrative expenses		(10)	-
Operating (loss)/profit		(10)	-
(Loss)/profit before taxation		(10)	-
Income tax expense	2	-	-
(Loss)/profit for the year	7	(10)	-

The accompanying notes on pages 8 to 15 form part of the financial statements.

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018	2017
	£'000	£'000
Loss for the year	(10)	-
	<u> </u>	<u> </u>
Other comprehensive income		
	<u> </u>	<u> </u>
Total other comprehensive income for the year	-	-
	<u> </u>	<u> </u>
Total comprehensive loss for the year	(10)	-
	<u> </u>	<u> </u>

The accompanying notes on pages 8 to 15 form part of the financial statements.

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Investments	3	582,436	582,436
Current assets			
Trade and other receivables	4	73,009	73,009
Cash and cash equivalents		17	17
		73,026	73,026
Total assets		655,462	655,462
Current liabilities			
Trade and other payables	5	(586,671)	(586,661)
Net current liabilities		(513,645)	(513,635)
Total liabilities		(586,671)	(586,661)
Net assets		68,791	68,801
Equity			
Called up share capital	6	1	1
Retained earnings	7	68,790	68,800
Total equity		68,791	68,801

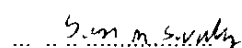
For the year ended 31 December 2018, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The Members have not required the Company to obtain an audit of its financial statements for the period

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The notes on pages 8 to 15 form part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on ...12 September 2019
Signed on its behalf by


S.M. Swabey
Director

Company Registration No. 00384546

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2017	1	68,800	68,801
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	1	68,800	68,801
	<hr/>	<hr/>	<hr/>
Loss for the year	-	(10)	(10)
	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year	-	(10)	(10)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	1	68,790	68,791
	<hr/>	<hr/>	<hr/>

The accompanying notes on pages 8 to 15 form part of the financial statements.

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Smith & Nephew Investment Holdings Limited (the "Company") is a private company limited by shares. The Company is incorporated, domiciled and registered in England in the United Kingdom. The registered number is 00384546 and the registered address is Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE. The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU "Adopted IFRSs", but makes amendments where necessary in order to comply with Companies Act 2006. There were no transitional adjustments required on adoption of the new standard.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a) (iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the Group accounts of Smith & Nephew plc. The Group accounts of Smith & Nephew plc are available to the public and can be obtained online via www.smith-nephew.com or at its registered office at Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE.

1.2 Going concern

The Company is in a net current liability position. It is able to meet its current liabilities as fellow group undertakings have agreed not to demand repayment of their loans within 12 months from the date of this report. No other uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors.

1.3 Investment in subsidiaries

Investments in subsidiaries are recorded at their cost less any accumulated impairment in value.

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.4 Impairment of investments

At each reporting end date, the company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss (FVTPL), are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.8 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

1.10 Taxation

The tax expense for the period comprises current tax.

The current income tax expense is based on taxable profits of the period, after any adjustments for prior periods. It is calculated using taxation rates enacted or substantively enacted by the Balance Sheet date and is measured at the amount expected to be recovered or paid.

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.11 Judgements and key sources of 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 reporting 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. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Impairment of non-financial assets

Where there are indicators of impairment of investments in subsidiaries which indicate that the carrying value may not be recoverable, the Company performs impairment tests on these investments based on the fair value by comparing the carrying value with its recoverable amount being the higher of its fair value less costs to sell and its value in use.

2 Income tax expense

	2018 £'000	2017 £'000
Current tax		
Current year taxation	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Total current tax charge	<u>-</u>	<u>-</u>

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2018 £'000	2017 £'000
Loss before taxation	(10)	-
	<u>(10)</u>	<u>-</u>
Expected tax credit based on a corporate tax rate of 19% (2017: 19.25%)	(2)	-
Effects of:		
Deemed expense for tax purposes	(1,018)	(777)
Effects of group relief/other reliefs	1,020	777
	<u>-</u>	<u>-</u>
Tax charge for the year	<u>-</u>	<u>-</u>

For the year ended 31 December 2018, the corporation tax rate was 19% (2017: 19.25%).

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Investments

	2018 £'000	2017 £'000
Investments in subsidiaries	582,436	582,436
	<u>582,436</u>	<u>582,436</u>

Movements in fixed asset investments

	Shares in fellow subsidiary undertakings £'000
Cost	
At 1 January 2018 & 31 December 2018	583,154
Impairment	
At 1 January 2018 & 31 December 2018	(718)
Carrying amount	
At 31 December 2018	582,436
At 31 December 2017	582,436

4 Debtors

	Due within one year	
	2018 £'000	2017 £'000
Amount due from parent undertaking	50	50
Amounts due from fellow group undertakings	72,959	72,959
	<u>73,009</u>	<u>73,009</u>

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Creditors

	Due within one year	
	2018 £'000	2017 £'000
Amounts due to subsidiary undertakings	585,932	585,932
Amounts due to fellow group undertakings	739	729
	<u>586,671</u>	<u>586,661</u>

6 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
500 Ordinary shares of £1 each	<u>500</u>	<u>500</u>

7 Retained earnings

	£'000
At 1 January 2017	68,800
At 31 December 2017	<u>68,800</u>
Loss for the year	(10)
At 31 December 2018	<u>68,790</u>

8 Contingent liabilities

The Company, together with Smith & Nephew plc and certain fellow subsidiary undertakings, has entered into guarantees with the National Westminster Bank plc in respect of the net overdrafts of the other parties to the guarantee. The maximum exposure under this guarantee amounts to £10 million (2017: £10 million).

9 Subsidiaries and other undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, associates, joint arrangements, joint ventures and partnerships are listed below.

Company	Registered office address	Proportion of ownership interest (%)
Smith & Nephew Beta Limited (1)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%
Smith & Nephew Employees Trustees Limited (1)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Subsidiaries and other undertakings

(Continued)

Smith & Nephew Extruded Films Limited (1)	PO BOX 81, 101 Hessle Road, Hull, HU3 2BN	100.00%
Smith & Nephew Finance (1)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%
Smith & Nephew Finance Oratec (1)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%
Smith & Nephew Healthcare Limited (1)	101 Hessle Road, Hull, HU3 2BN	100.00%
Smith & Nephew Medical Fabrics Limited (1)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%
Smith & Nephew Nominee Company Limited (1)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%
Smith & Nephew Nominee Services Limited (1)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%
Smith & Nephew Orthopaedics Limited (1)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%
Smith & Nephew Pharmaceuticals Limited (1)	101 Hessle Road, Hull, HU3 2BN	100.00%
Smith & Nephew Pensions Nominees Limited (1)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%
Smith & Nephew Raisegrade Limited (1)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%
The Albion Soap Company Limited (1)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%
Smith & Nephew Rareletter Limited (2)	Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, United Kingdom, WD18 8YE	100.00%
T.J. Smith and Nephew, Limited (2) (3)	PO BOX 81, 101 Hessle Road, Hull, HU3 2BN	-
Smith & Nephew sp z.o.o. (1) (3)	Ul Osmanska 12 02-823 Warszawa Poland	-
Smith & Nephew Lda (2) (3)	Nº 10 ao Km. 131 Parque Tejo - Bloco C, 2625-445 Forte de Casa, Vila France de Xira, Portugal	-
Smith & Nephew N.V.-S.A (2) (3)	Hector Henneaulaan 366, 1930 Zaventem, Belgium	-
Smith & Nephew Limited (2) (3)	Unit 813-818, 8/F, Delta House 3 On Yiu Street Shatin Hong Kong	-
Smith & Nephew Medical Limited (1)	PO BOX 81, 101 Hessle Road, Hull, HU3 2BN	100.00%

(1) Interest held directly by the company

(2) Interest held indirectly by the company

(3) Less than 1% interest held by Smith & Nephew Investment Holdings Limited

SMITH & NEPHEW INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Ultimate parent company & parent company of larger group

The Company is a subsidiary of Smith & Nephew UK Limited, incorporated in England and Wales. The ultimate parent company is Smith & Nephew plc, incorporated in England and Wales. The smallest and largest group in which the results of the Company are consolidated is that headed by Smith & Nephew plc. The consolidated financial statements of the Group is available to the public and may be obtained from the registered office at Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE and from the Company website at www.smith-nephew.com.