

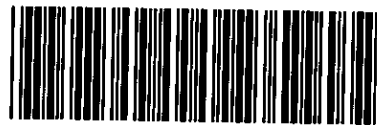
Registered number: 00941519

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2023

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SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

COMPANY INFORMATION

Directors	M S Kelleher J A Voyle
Registered number	00941519
Registered office	Level 10 255 Blackfriars Road London SE1 9AX
Independent auditors	James Cowper Kreston Audit Chartered Accountants and Statutory Auditor Reading Bridge House George Street Reading Berkshire RG1 8LS

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

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SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2023

Introduction

The Directors present their Strategic Report on Smiths Industries Industrial Group Limited ("the Company"), Level 10, 255 Blackfriars Road, London, SE1 9AX, for the year ended 31 July 2023.

Business review

The results for the year show a profit before taxation of £80,000 (2022: as restated loss £1,669,000) and turnover of £6,419,000 (2022: £6,463,000). At 31 July 2023 the Company had net assets of £44,427,000 (2022: as restated £43,215,000). Profitability was negatively impacted by one-off restructuring activity (£1,145,000) and positively impacted by a partial impairment reversal of the investment in Hypertac SA (£507,000) and interest received on loans with group undertakings (£1,317,000).

The future performance of the Company will depend on the trading performance of its remaining activities, which all relate to Smiths Interconnect. The Directors have concluded that the business will continue as a going concern.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are:

Foreign exchange

The Company is exposed to two types of currency risk: transaction risk in respect of products manufactured in one currency region and sold in another currency; and translation risk in that the results of non-UK businesses will translate into differing pounds sterling values depending on the exchange rate. The Company's practices for managing currency risk generally mitigate transaction risk in the short term. Over the longer term, the Company remains exposed to both transaction and translation risk.

Raw material prices

The Company's products contain various raw materials or purchased components including electronic components, metals and plastics. Any increases or volatility in prices and shortages in supply can affect the Company's performance due to the dependence on internal manufacturers.

Financial key performance indicators

The directors of Smiths Group PLC manage the Group's operations on a consolidated basis using divisional key performance indicators. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate. The development, performance and position of the Smiths Interconnect division of Smiths Group plc, which includes the activities of the Company, is discussed separately in the Strategic Report of the Group's Annual Report and Financial Statements which does not form part of this report.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Directors' statement of compliance with duty to promote the success of the Company

The directors of the Company have acted in a way they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members. As part of the Company's deliberations and decision making process, the Board takes into the account the:

- (i) likely consequences of any decision in the long-term;
- (ii) the interests of the company's employees;
- (iii) the need to foster the company's relationship with suppliers, customers and others;
- (iv) the impact of the company's operations on the community and the environment; and
- (v) the desirability of the company maintaining a reputation for high standards of business conduct.

The Board considers its stakeholders to be our shareholders, customers, employees and wider workforce, suppliers, local communities and governments, lenders and the environment and also took account the views and interests of a wider set of stakeholders including our regulators, the government, and non-government organisations. During the year ended 31 July 2023, the directors gave careful considerations to the factors set out above in discharging their duties under section 172 of the Companies Act 2006. The Board recognises that building strong relationships with our stakeholders will help deliver the Company's strategy in line with its long term values and operate the business in a sustainable way.

The Company is part of the Smiths Group and is ultimately owned by Smiths Group plc ('Group'), which is responsible for setting the overall strategy of the Group maintaining oversight of the Group's activities and setting its risk appetite. The Board will sometimes engage directly with certain stakeholders on specific issues, but the size and distribution of our stakeholders and of the Group means that stakeholder engagement often takes place at an operational level. In these instances, the Board is informed of stakeholder views through management reports and presentations. Most decisions made by the Board during the year are deemed to be routine in nature and are taken on regular basis.

Further explanations of how the Group board has considered matters set out in section 172 (for the Group and for the Company) can be found on pages 60 to 61 of the Group Annual Report and Accounts for the year ended 31 July 2023, which does not form part of this report.

This report was approved by the board and signed on its behalf.

J Voyle

James Voyle 22 Feb 2024 15:55:31 GMT (UTC +0)

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J A Voyle

Director

Date: 22 February 2024

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2023

The directors present their report and the financial statements for the year ended 31 July 2023.

Directors

The directors who served during the year were:

M S Kelleher
J A Voyle

Results and dividends

The profit for the year, after taxation, amounted to £172,000 (2022 - loss £1,628,000) .

No dividend was paid or proposed during the financial year and the directors do not recommend payment of a final dividend (2022: £NIL).

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Political contributions

The company made no political donations during the year.

Future developments

A review of the business and future development is included in the strategic report.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Financial risk management

The Company is financed by the wider Smiths group and complies with the Group financial risk management policies. These policies are explained in Note 19 to the Group annual report; Treasury Risk Management (page 169) which does not form part of this report.

Operational credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before credit terms are offered. Customer credit limits are set based on credit ratings, past experience and other factors and subject to regular review. Concentrations of credit risk with respect to trade receivables are limited due to the diverse customer base.

Foreign exchange risks

The Company makes a proportion of its sales in foreign currencies, principally US dollars and Euros. The resulting foreign exchange risks are managed through natural hedging and forward foreign exchange contracts.

Employment policies

It is the Company's policy to provide equal opportunities for employment. The Company continues to be actively involved in all aspects of the training and development of young persons, including initiatives designed to ease the transition from school to work. Disabled people are given full consideration for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

Employees are regularly provided with a wide range of information concerning the performance and prospects of the business in which they are involved by means of Employee Councils; Information and Consultation forums; and other consultative bodies that allow the views of personnel to be taken into account.

Engagement with suppliers, customers and others

Relationship with stakeholders are of strategic importance to the company and these matters are therefore dealt with in the strategic report (under section 172 obligations).

Overseas branches

The Company has a branch based in France which trades as Thermaflex.

Going concern

These accounts have been prepared on a going concern basis.

The results for the year show a profit before taxation of £80,000 (2022: as restated loss £1,669,000) and turnover of £6,419,000 (2022: £6,463,000). At 31 July 2023 the Company had net assets of £44,427,000 (2022: as restated £43,215,000). The directors have reviewed the value of the Company's investments and the Company's access to committed borrowing facilities including Smiths Group plc's US\$800m multi-currency revolving credit facility maturing in May 2028, of which \$800m was undrawn at 31 July 2023. The Company has sufficient financial resources to meet its financial obligations as they fall due during the period of assessment, considered to be twelve months from the signing date of these financial statements.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2023

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, James Cowper Kreston Audit, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

J Voyle
James Voyle 22 Feb 2024 15:33:31 GMT (UTC +0)
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J A Voyle
Director
Date: 22 February 2024

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

Opinion

We have audited the financial statements of Smiths Industries Industrial Group Limited (the 'Company') for the year ended 31 July 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2023 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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 Auditors' 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.



Alan Poole BA (Hons) FCA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston Audit

Chartered Accountants and Statutory Auditor

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

Date: 23 February 2024

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2023**

		2023	As restated
	Note	£000	2022 £000
Turnover	4	6,419	6,463
Cost of sales		(5,373)	(5,892)
Gross profit		1,046	571
Distribution costs		(1,599)	(1,154)
Administrative expenses		(1,210)	432
Operating loss	5	(1,763)	(151)
Reversal of impairment / (impairment) of investments	14	507	(1,411)
Interest receivable and similar income	9	1,350	24
Interest payable and similar expenses	10	(14)	(131)
Profit/(loss) before tax		80	(1,669)
Tax on profit/(loss)	11	92	41
Profit/(loss) for the financial year		172	(1,628)

The notes on pages 12 to 30 form part of these financial statements.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED
REGISTERED NUMBER: 00941519

BALANCE SHEET
AS AT 31 JULY 2023

			2023 £000	As restated 2022 £000
	Note			
Fixed assets				
Intangible assets	12		74	-
Tangible assets	13		62	583
Investments	14		5,101	4,594
			<u>5,237</u>	<u>5,177</u>
Current assets				
Stocks	15	6		107
Debtors: amounts falling due after more than one year	16	18,255		35,304
Debtors: amounts falling due within one year	16	22,877		5,513
Cash at bank and in hand	17	478		419
			<u>41,616</u>	<u>41,343</u>
Creditors: amounts falling due within one year	18	(2,124)		(2,924)
Net current assets			<u>39,492</u>	<u>38,419</u>
Total assets less current liabilities			<u>44,729</u>	<u>43,596</u>
Creditors: amounts falling due after more than one year	19		(302)	(381)
Net assets			<u><u>44,427</u></u>	<u><u>43,215</u></u>
Capital and reserves				
Called up share capital	21		10,001	10,001
Other reserves	22		7,360	6,320
Profit and loss account	22		27,066	26,894
			<u><u>44,427</u></u>	<u><u>43,215</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

J Voyle

James Voyle 22 Feb 2024 15:53:31 GMT (UTC +0)

J A Voyle

Director

Date: 22 February 2024

The notes on pages 12 to 30 form part of these financial statements.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2023

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 August 2022 (as previously stated)	10,001	6,320	26,501	42,822
Prior year adjustment - correction of error	-	-	393	393
At 1 August 2022 (as restated)	10,001	6,320	26,894	43,215
Profit for the year	-	-	172	172
Equity settled share based payment transactions	-	1,040	-	1,040
At 31 July 2023	10,001	7,360	27,066	44,427

The notes on pages 12 to 30 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2022

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 August 2021	10,001	5,747	28,522	44,270
Comprehensive income for the year				
Loss for the year (as restated)	-	-	(1,628)	(1,628)
Equity settled share based payment transactions	-	573	-	573
At 31 July 2022	10,001	6,320	26,894	43,215

The notes on pages 12 to 30 form part of these financial statements.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

1. General information

The Company is a private limited company and is incorporated in the United Kingdom. The Company's registered address is Level 10, 255 Blackfriars Road, London, England, SE1 9AX.

The Company is exempt by virtue of s400 regime 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.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101).

These financial statements have been prepared on a going concern basis.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- 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;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 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 and 18A 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

This information is included in the consolidated financial statements of Smiths Group plc as at 31st July 2023 and these financial statements may be obtained from Company Secretary, Smiths Group plc, 11-12 St James's Square, London, SQ1Y 4LB.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. *Non-monetary items measured at historical cost 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 resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

IFRS 15 sets out the five-step approach for revenue recognition. This requires

- (i) identifying the contract with a customer;
- (ii) identifying the performance obligations
- (iii) determining the transaction price;
- (iv) allocating the transaction price to the performance obligations in the contract;
- (v) recognising the revenue when (or as) the entity satisfies a performance obligation at a point in time or over time.

Turnover from contracts with customers is recognised by reference to each distinct performance obligation in the contract with the customer. Turnover from contracts with customers is measured at its transaction price, being the amount of consideration which the Company expects to be entitled to in exchange for transferring promised goods to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good promised in the contract. Depending on the substance of the contract, turnover is recognised when the performance obligation is satisfied. Equipment revenue is generally recorded at a point in time on delivery or installation.

2.5 Leases

On adoption of IFRS 16, the Company recognised a lease liability measured at the present value of lease payments to be made over the remaining lease term, which includes period covered by renewal options the company is reasonably certain to exercise. In calculating the present value of lease payments, the company used the incremental borrowing rate at the lease commencement date.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.5 Leases (continued)

Also on adoption of IFRS 16, the company recognised right of use assets, which are depreciated over the shorter of the lease term and the useful life of the right of use assets.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a *pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.*

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.9 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the costs of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives range as follows:

Patents and trademarks	-	10	years
Computer and software	-	7	years

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

The goodwill arising from acquisition of subsidiaries after 1 August 1998 is included in intangible assets, tested annually for impairment and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Any impairment is recognised immediately in the income statement. Subsequent reversals of impairment losses of goodwill are not recognised.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- Up to 25 years
Plant and machinery	- 10% to 25%
Motor vehicles	- 10% to 25%
Fixtures and fittings	- 10% to 33%
Right of use assets	- Over the length of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

2. Accounting policies (continued)

2.17 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This 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, or where appropriate a shorter period, to the amortised cost of a financial liability.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of turnover and expenses during the reporting year. Actual results may differ from these estimates. The key estimates and assumptions used in these financial statements are set out below.

Impairments

Investments and other assets are tested for impairment if there are any indications of impairment, in accordance with the accounting policy set out above. The recoverable amount of investments and assets are determined based on value in use calculations unless future trading projections cannot be adjusted to eliminate the impact of a major restructuring. The value in use calculations require the use of estimates including projected future cash-flows and other future events.

Useful economic lives of tangible and intangible assets

The annual depreciation charge for tangible assets and amortisation charge for intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Recoverability of debtor balances

A provision for expected credit losses is established when there is objective evidence that amounts due under the original payment terms will not be collected. Expected credit losses are calculated using historical write-offs as a basis with a default risk multiplier applied to reflect country risk premium. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debtors.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £000	2022 £000
Sale of engineered products	6,419	6,463
	<u>6,419</u>	<u>6,463</u>

Analysis of turnover by country of destination:

	2023 £000	2022 £000
United Kingdom	6,419	6,463
	<u>6,419</u>	<u>6,463</u>

Timing of revenue recognition:

	2023 £000	2022 £000
Goods and services transferred at a point in time	6,419	6,463
	<u>6,419</u>	<u>6,463</u>

5. Operating profit / (loss)

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

	2023 £000	2022 £000
Research & development charged as an expense	2	3
Depreciation of tangible fixed assets	226	230
Amortisation of intangible assets, including goodwill	-	1
Impairment of tangible fixed assets	295	-
Exchange differences	(1)	97
	<u>-</u>	<u>-</u>

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2023 £000	2022 £000
Fees payable to the Company's auditors for the audit of the Company's financial statements	34	85

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2023 £000	2022 £000
Wages and salaries	4,328	5,074
Social security costs	792	534
Share based compensation	1,040	573
Defined contribution scheme	418	288
	6,578	6,469

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
	44	46

8. Directors' remuneration

	2023 £000	2022 £000
Directors' emoluments	572	633
Company contributions to defined contribution pension schemes	18	36
	590	669

During the year retirement benefits were accruing to no directors (2022 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £386 thousand (2022 - £317 thousand).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18 thousand (2022 - £8 thousand).

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

9. Interest receivable

	2023 £000	2022 £000
Interest receivable from group companies	1,317	24
Other interest receivable	33	-
	<u>1,350</u>	<u>24</u>

10. Interest payable and similar expenses

	2023 £000	2022 £000
Bank interest payable	7	120
Interest on lease liabilities	7	11
	<u>14</u>	<u>131</u>

11. Taxation

	2023 £000	2022 £000
Corporation tax		
Current tax on profits for the year	(92)	(41)
Total current tax	<u>(92)</u>	<u>(41)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Tax on profit/(loss)	<u>(92)</u>	<u>(41)</u>

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £000	2022 £000
Profit/(loss) on ordinary activities before tax	80	(1,669)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	15	(317)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	268
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	197	100
Capital allowances for year in excess of depreciation	(52)	-
Research and development tax credits	(92)	(41)
Tax deduction arising from exercise of employee options	(28)	-
Group relief	(132)	(51)
Total tax charge for the year	(92)	(41)

Factors that may affect future tax charges

Smiths Group does not require UK companies to compensate the surrendering company for the receipt of group relief. As a result no payments or receipts in respect of group relief have been accrued in the current or previous year, and no payments or receipts will be made for group relief in future years while this policy remains in force.

The UK tax rate will increase from 19.0% to a marginal rate of up to 25.0% depending on taxable profits from 1 April 2023. This will have a consequential effect on the Company's future tax charge.

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

12. Intangible assets

	Patents £000	Computer software £000	Total £000
Cost			
At 1 August 2022	40	759	799
Additions	-	76	76
Disposals	-	(347)	(347)
At 31 July 2023	40	488	528
Amortisation			
At 1 August 2022	40	759	799
On disposals	-	(347)	(347)
At 31 July 2023	40	412	452
Net book value			
At 31 July 2023	-	76	76
At 31 July 2022	-	-	-

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

13. Tangible fixed assets

	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Right of use assets £000	Total £000
Cost or valuation					
At 1 August 2022	1,251	116	2,769	1,004	5,140
Additions	4	-	-	-	4
Disposals	(42)	-	(57)	-	(99)
Transfers between classes	(62)	-	62	-	-
At 31 July 2023	1,151	116	2,774	1,004	5,045
Depreciation					
At 1 August 2022	1,132	116	2,675	635	4,558
Charge for the year on owned assets	24	-	47	155	226
Disposals	(40)	-	(56)	-	(96)
Impairment charge	7	-	101	187	295
At 31 July 2023	1,123	116	2,767	977	4,983
Net book value					
At 31 July 2023	28	-	7	27	62
At 31 July 2022	119	-	94	369	582

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2023 £000	2022 £000
Tangible fixed assets owned	34	213
Right-of-use tangible fixed assets	27	369
	61	582

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

13. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2023 £000	2022 £000
Property	-	323
Motor vehicles	27	46
	27	369

Depreciation charge for the year ended

	2023 £000	2022 £000
Property	136	136
Motor vehicles	19	(26)

Additions to right-of-use assets

	2022 £000
Additions to right-of-use assets	36

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 August 2022	4,594
At 31 July 2023	4,594
Impairment	
Reversal of prior impairment	(507)
At 31 July 2023	(507)
Net book value	
At 31 July 2023	5,101
At 31 July 2022	4,594

Following a review of the carrying value of the investment in Hypertac SA, the company has reversed a prior period impairment of £507k, resulting in a higher carrying value at year end of £5,101k.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Hypertac SA	31 Rue Isidore Maille, 76140, Saint Aubin Les Elbeuf, France	Ordinary	100%
Smiths Connectors Tunisia Sarl	Zone Industirelle, Route de Khniss, Rue Isidore Maille, Monastir	Ordinary	0%
Smiths Intercoconnect Mexico S de R.L. de C.V	Carretera Libre Antiguo Camino Tijuana 20221- B, Fideicomiso el Florido, Tijuana, B.C. 22234	Ordinary	50%

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2023**

15. Stocks

	2023 £000	2022 £000
Raw materials and consumables	6	13
Finished goods and goods for resale	-	94
	<u>6</u>	<u>107</u>

16. Debtors

	2023 £000	2022 £000
Due after more than one year		
Amounts owed by group undertakings	18,255	35,304
	<u>18,255</u>	<u>35,304</u>

The interest rate on loans with group undertakings due after more than one year was 4.7% (2022: 0.50%). The interest is calculated at a rate per annum of 12 month GBP LIBID. The loan is repayable by 29th July 2027.

	2023 £000	As restated 2022 £000
Due within one year		
Trade debtors	726	1,220
Amounts owed by group undertakings	21,882	3,937
Prepayments and accrued income	83	217
Tax recoverable	156	139
Financial instruments	30	-
	<u>22,877</u>	<u>5,513</u>

17. Cash and cash equivalents

	2023 £000	2022 £000
Cash at bank and in hand	478	419
	<u>478</u>	<u>419</u>

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

18. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	208	207
Other taxation and social security	140	324
Lease liabilities	79	162
Accruals and deferred income	1,682	2,178
Financial instruments	15	53
	<u>2,124</u>	<u>2,924</u>

19. Creditors: Amounts falling due after more than one year

	2023 £000	2022 £000
Lease liabilities	133	212
Intercompany loans	169	169
	<u>302</u>	<u>381</u>

20. Financial instruments

	2023 £000	2022 £000
Financial assets		
Cash and cash equivalents	478	419
Other financial assets at amortised cost	40,892	40,951
	<u>41,370</u>	<u>41,370</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	(15)	(53)
Other financial liabilities measured at amortised cost	(2,426)	(3,252)
	<u>(2,441)</u>	<u>(3,305)</u>

21. Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
10,001,000 (2022 - 10,001,000) Ordinary shares of £1 each	10,001	10,001

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

21. Share capital (continued)

22. Reserves

Other reserves

The Company employees participate in share schemes and plans that the ultimate parent company, Smiths Group plc operates for the benefit of employees. All entitlements under the schemes relate to the shares of Smiths Group plc. The Company recognises a charge for the benefit of the employee services realised, and a capital contribution from the Group because the Group does not charge the Company for the costs of these options. The nature of the schemes and plans is set out below:

Smiths Group share option schemes

Long Term Incentive Plan (LTIP)

The LTIP is a share plan under which an award over a capped number of shares will vest after the end of a three-year performance period if performance conditions are met. LTIP awards are made to selected senior executives, including the Executive Directors.

LTIP performance conditions

Each performance condition has a threshold below which no shares vest and a maximum performance target at or above which the award vests in full. For performance between 'threshold' and 'maximum', awards vest on a straight-line sliding scale. The performance conditions are assessed separately; so performance on one condition does not affect the vesting of the other elements of the award. To the extent that the performance targets are not met over the three-year performance period, awards lapse. There is no re-testing of the performance conditions.

LTIP awards have performance conditions relating to organic revenue growth, growth in headline EPS, ROCE, free cash-flow and meeting ESG targets.

Smiths Group Sharesave Scheme (SAYE)

The SAYE scheme is an HM Revenue & Customs approved all employee savings related share option scheme which is open to all UK employees. Participants enter into a contract to save a fixed amount per month of up to £500 in aggregate for three or five years and are granted an option over shares at a fixed option price, set at a discount to market price at the date of invitation to participate. The number of shares is determined by the monthly amount saved and the bonus paid on maturity of the savings contract. Options granted under the SAYE scheme are not subject to any performance conditions.

Range of exercise prices and remaining contractual life

Options outstanding under LTIP schemes at 31 July 2023 have an exercise price of £0.00 (2022: £0.00), with a weighted average remaining contractual life of 1.5 years (2022: 1.5 years).

Options outstanding under SAYE schemes at 31 July 2023 had exercise prices between £9.14 and £13.37 (2022: £9.14 and £13.00), with a weighted average contractual life of 1.3 years (2022: 1.4 years).

Options were exercised on an irregular basis during the period. The average closing share price over the financial year was £16.30p (2022: £14.76p).

Cost of share-based payment arrangements

Included within staff costs is an expense arising from share-based payment transactions of £1,040,000 (2022: £573,000).

SMITHS INDUSTRIES INDUSTRIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

23. Prior year adjustment

As a result of an identification of a prior year adjustment being incorrectly posted, an adjustment of £393,000 was posted to restate the prior year to reflect the correct position.

24. Capital commitments

At the year end, the entity had committed to £149,700 of website development costs, of which £74,570 has already been invoiced and capitalised within intangible assets.

25. Related party transactions

The key management personnel of the company comprise its directors. Details of their remuneration are provided in note 8.

As a subsidiary of Smiths Group plc during the period from 1 August 2022 to 31 July 2023, the company has taken advantage of the exemption of paragraph 17 and 18A of IAS 24 Related Party Disclosures of FRS 101 not to disclose transactions with other wholly owned members of the group headed by Smiths Group plc.

26. Controlling party

At 31 July 2023, Smiths Industries Industrial Group Limited was a wholly owned subsidiary of Smiths Interconnect Group Limited.

The ultimate parent undertaking and controlling party is Smiths Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Smiths Group plc incorporated in the United Kingdom and registered in England and Wales.

The Annual Report and financial statements of Smiths Group plc may be obtained from the Company Secretary, Smiths Group plc, 11-12 St James's Square, London, SQ1Y 4LB..