

SMITHS GROUP FINANCE EU LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

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SMITHS GROUP FINANCE EU LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | A D J Ramsay S R Hardy |
| Company secretary | A D J Ramsay |
| Registered number | 10440573 |
| Registered office | 4th floor 11-12 St. James's Square London England, United Kingdom SW1Y 4LB |
| Independent auditor | KPMG LLP 15 Canada Square, Canary Wharf London E14 5GL |

SMITHS GROUP FINANCE EU LIMITED

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SMITHS GROUP FINANCE EU LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021

The directors present their report and the audited financial statements for the year ended 31 July 2021.

The directors have not prepared a Strategic report, as permitted by section 414B of Companies Act 2006.

Principal activity

The company's principal activity is the provision of intercompany funding and accepting short term deposits of cash surpluses from Smiths Group subsidiaries.

Results and dividends

The Company generated a profit for the financial year of €5.4m (2020: €5.5m) from its financing activities, comprising of €10.7m (2020: €10.8m) loan interest receivable less €5.3m (2020: €5.3m) loan interest payable and administrative expenses.

On 6 July 2021 the Directors approved a number of actions to effect a capital reduction which reduced the Share Capital of the Company from €96,359 to €964 and reduced the Share Premium from €96,261,641 to €nil. The effect of this capital reduction was to increase distributable profits, in the Profit and Loss Account in reserves, by €96,357,036.

On 23 June 2021, the company paid €6.5m (2020: €5.0m) dividend to its parent company Smiths Group International Holdings Ltd ("SGIH").

In August 2021, the directors approved a reorganisation plan to dispose of its loan assets and liabilities to its holding company SGIH with the intention of winding up the company. As a result, the Company has not applied the Going Concern principle in the preparation of these financial statements. Please see note 18, "Post Balance Sheet Events" for further details of this reorganisation programme.

Directors

The directors who served during the year were:

A D J Ramsay
S R Hardy

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

In August 2021, the directors approved a reorganisation plan to dispose of its loan assets and liabilities to its holding company SGIH with the intention of winding up the company. Please see note 18, "Post Balance Sheet Events" for further details of this reorganisation programme.

SMITHS GROUP FINANCE EU LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2021**

Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 21 December 2021 and signed on its behalf.



S R Hardy
Director

SMITHS GROUP FINANCE EU LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2021

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 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;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SMITHS GROUP FINANCE EU LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITHS GROUP FINANCE EU LIMITED

Opinion

We have audited the financial statements of Smiths Group Finance EU Limited ("the company") for the year ended 31 July 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st July 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 2.3 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to the Smiths Group Plc's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and posted to unusual accounts.

SMITHS GROUP FINANCE EU LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITHS GROUP FINANCE EU LIMITED

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as an intercompany financing company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

SMITHS GROUP FINANCE EU LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITHS GROUP FINANCE EU LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

R. Dodds

Rachel Dodds (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square, Canary Wharf
London
E14 5GL
21 December 2021

SMITHS GROUP FINANCE EU LIMITED

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2021

| | Note | 2021 €000 | 2020 €000 |
|--|------|--------------|--------------|
| Administrative expenses | | (2) | (40) |
| Operating loss | 4 | (2) | (40) |
| Interest receivable and similar income | 6 | 10,644 | 10,779 |
| Interest payable and similar expenses | 7 | (5,275) | (5,211) |
| Profit before tax | | 5,367 | 5,528 |
| Tax on profit | 8 | (1) | (5) |
| Profit for the financial year | | 5,366 | 5,523 |

There was no other comprehensive income for 2021 (2020: € NIL).

The notes on pages 10 to 19 form part of these financial statements.

SMITHS GROUP FINANCE EU LIMITED
REGISTERED NUMBER:10440573

BALANCE SHEET
AS AT 31 JULY 2021

| | Note | 2021 €000 | 2021 €000 | 2020 €000 | 2020 €000 |
|---|------|----------------|----------------|----------------|----------------|
| Current assets | | | | | |
| Debtors: amounts falling due after more than one year | 10 | 12,500 | | 421,693 | |
| Debtors: amounts falling due within one year | 10 | 417,549 | | 65,620 | |
| Cash at bank and in hand | 11 | 478 | | 93 | |
| | | <u>430,527</u> | | <u>487,406</u> | |
| Creditors: amounts falling due within one year | 12 | (328,526) | | (68,311) | |
| Net current assets | | | 102,001 | | 419,095 |
| Total assets less current liabilities | | | 102,001 | | 419,095 |
| Creditors: amounts falling due after more than one year | 13 | | - | | (315,960) |
| Net assets | | | 102,001 | | 103,135 |
| Capital and reserves | | | | | |
| Called up share capital | 15 | | 1 | | 96 |
| Share premium account | 16 | | - | | 96,262 |
| Profit and loss account | 16 | | 102,000 | | 6,777 |
| | | | <u>102,001</u> | | <u>103,135</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 December 2021.



S R Hardy
Director

The notes on pages 10 to 19 form part of these financial statements.

SMITHS GROUP FINANCE EU LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2021**

| | Called up share capital €000 | Share premium account €000 | Profit and loss account €000 | Total equity €000 |
|--|------------------------------------|-------------------------------------|------------------------------------|----------------------|
| At 1 August 2019 | 96 | 96,262 | 6,254 | 102,612 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 5,523 | 5,523 |
| Total comprehensive income for the year | - | - | 5,523 | 5,523 |
| Dividends: Equity capital | - | - | (5,000) | (5,000) |
| Total transactions with owners | - | - | (5,000) | (5,000) |
| At 1 August 2020 | 96 | 96,262 | 6,777 | 103,135 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 5,366 | 5,366 |
| Total comprehensive income for the year | - | - | 5,366 | 5,366 |
| Dividends: Equity capital | - | - | (6,500) | (6,500) |
| Capital reduction | (95) | (96,262) | 96,357 | - |
| Total transactions with owners | (95) | (96,262) | 89,857 | (6,500) |
| At 31 July 2021 | 1 | - | 102,000 | 102,001 |

The notes on pages 10 to 19 form part of these financial statements.

SMITHS GROUP FINANCE EU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

1. General information

Smiths Group Finance EU Limited is a limited liability company incorporated and domiciled in England. Its registered office is given in the Company Information. The nature of the Company's operations and its principal activities are set out in the business review on page 1.

These financial statements are presented in Euros, because that is the currency of the primary economic environment in which the Company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Measurement Convention

The financial statements for the year ended 31 July 2021 and year ended 31 July 2020 are prepared in accordance with FRS 101 Reduced Disclosure Framework, international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs").

Breakup basis

After year end, proactive actions have been taken to liquidate this entity as part of a wider legal entity rationalisation exercise. As a result the Directors have concluded that the use of the going concern basis for preparation of the financial statements is not appropriate. The financial statements have been prepared on a breakup basis as at 31 July 2021. As a consequence, the assets have been measured at their expected realisable value. The liabilities are measured and presented at their expected settlement values.

2.2 Financial reporting standard 101 - reduced disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures required by Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flow of discontinued operations;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

SMITHS GROUP FINANCE EU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.3 Going concern

These accounts have not been prepared on a going concern basis as it is the intention to pursue a winding up order within the foreseeable future. The Directors are confident that the Company has sufficient funds to make full repayment of its debts.

The Company has net current assets of €102m as at 31 July 2021 (2020: €419m) and made a profit after taxation for the year then ended of €5m (2020: €6m).

2.4 Foreign currency translation

The Company's functional and presentational currency is Euros.

Foreign currency transactions are recorded at the exchange rate ruling at the date of the transaction and monetary assets and liabilities denominated in a foreign currency are retranslated at the closing exchange rate at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions, and from the retranslation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Interest expense is recognised in the Statement of Comprehensive Income using the effective interest method.

2.7 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.

SMITHS GROUP FINANCE EU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

2. Accounting policies (continued)

2.8 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

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Financial assets that are not held under the going concern basis are recognised at fair value, which represents the amounts that would be recoverable on the break-up of the Company. Loans and receivables from other Group companies are disclosed at their full carrying amount as the fair value reflects the amounts expected to be received from an orderly restructuring programme.

Financial liabilities

The Company classifies all of its financial liabilities as loans and receivables at amortised cost.

Loans and receivables at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

Financial liabilities which are neither held for trading, nor designated as 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.

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

SMITHS GROUP FINANCE EU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

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

Recoverability of intercompany loans receivable

The recoverability of loans is assessed applying the methodology of IFRS 9 by looking at the credit quality of the subsidiary and any support available to the subsidiary. These calculations require the use of estimates including projected future cash-flows and other future events.

Functional currency

All financial assets and liabilities are denominated in Euro, the Company's reporting currency.

Judgement has been applied in determining the functional currency of the Company. In accordance with IAS 21, four factors have been considered in order to assess the independence of the operation:

- (a) Does the operation have a significant degree of autonomy in carrying out its activities?
- (b) Are most of the operation's transactions with its parent?
- (c) Do the cashflows of the operation directly affect the parent?
- (d) Is the operation dependent on funding from the parent to carry out its activities?

Following the consideration of the above factors, which has been documented separately, it has been concluded that although the indicators are mixed, since the Company's employees are based in the UK, the loan portfolio of the Company is in Euros, hence, the impact of the Euro is significantly larger than any other currency.

Consequently, the Directors have concluded that the Company should report its results in Euros.

4. Operating loss

Administrative expenses include recharges by other group companies and bank charges. The audit fee in respect of this Company has been borne by another Smiths Group Company. Auditors' remuneration for non audit services was €nil (2020: €nil).

5. Employees

The Company does not directly employ staff but management of the Company is performed by the equivalent of half a person working under a service agreement. There are 2 designated persons engaged under the service agreement and the Company pays 25% of each person's salary and benefits. The Directors are employed and remunerated by other group companies.

SMITHS GROUP FINANCE EU LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

6. Interest receivable

| | 2021 €000 | 2020 €000 |
|--|----------------------------|----------------------------|
| Interest receivable from group companies | 10,644 | 10,779 |
| | 10,644 | 10,779 |

7. Interest payable and similar expenses

| | 2021 €000 | 2020 €000 |
|-------------------------------|----------------------------|----------------------------|
| Bank interest payable | 1 | - |
| Loans from group undertakings | 5,274 | 5,211 |
| | 5,275 | 5,211 |

SMITHS GROUP FINANCE EU LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

8. Taxation

| | 2021 €000 | 2020 €000 |
|---|--------------|--------------|
| Corporation tax | | |
| Current tax on profits for the year | 1 | - |
| Double taxation relief | - | 5 |
| | <hr/> | <hr/> |
| Taxation on profit on ordinary activities | 1 | 5 |
| | <hr/> | <hr/> |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

| | 2021 €000 | 2020 €000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | 5,367 | 5,528 |
| | <hr/> | <hr/> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | 1,020 | 1,050 |
| Effects of: | | |
| Double taxation relief | - | (5) |
| Group relief | (1,019) | (1,040) |
| | <hr/> | <hr/> |
| Total tax charge for the year | 1 | 5 |
| | <hr/> | <hr/> |

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 in future years while this policy remains in force.

In June 2021, the UK Government enacted an increase in the future UK rate of corporation tax, from 19% to 25%, applying from 1 April 2023. If the Company were to pay UK tax in the future, the payments would be larger.

SMITHS GROUP FINANCE EU LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

9. Dividends

| | 2021 €000 | 2020 €000 |
|-------------------------------------|--------------|--------------|
| Dividends €65 (2020: €50) per share | 6,500 | 5,000 |
| | <u>6,500</u> | <u>5,000</u> |

10. Debtors

| | 2021 €000 | 2020 €000 |
|------------------------------------|----------------|----------------|
| Due after more than one year | | |
| Amounts owed by group undertakings | 12,500 | 421,693 |
| | <u>12,500</u> | <u>421,693</u> |
| Due within one year | | |
| Amounts owed by group undertakings | 417,549 | 65,620 |
| | <u>417,549</u> | <u>65,620</u> |

Amounts owed by group undertakings due after more than one year are unsecured and are repayable at maturity between 1 August 2022 and 29 April 2026. Amounts owed by group undertakings due within one year are unsecured and are either repayable on demand or at maturity on or before 31 July 2022. Interest rates vary but are typically at EURIBOR plus a margin that is in the region of 1.72%-3.65%.

SMITHS GROUP FINANCE EU LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021

11. Cash and cash equivalents

| | 2021 €000 | 2020 €000 |
|--------------------------|--------------|--------------|
| Cash at bank and in hand | 478 | 93 |
| | <u>478</u> | <u>93</u> |

12. Creditors: Amounts falling due within one year

| | 2021 €000 | 2020 €000 |
|------------------------------------|----------------|---------------|
| Amounts owed to group undertakings | 328,525 | 68,310 |
| Withholding tax | 1 | 1 |
| | <u>328,526</u> | <u>68,311</u> |

Amounts owed to group undertakings are unsecured and are either repayable on demand or at maturity on or before 31 July 2022. An amount of £8.76m is due for repayment in November 2022 but has been disclosed as being due within 12 months. The intention is that this debt will be repaid earlier than the contractual maturity date. Interest on amounts owed by the Company to group undertakings is calculated using LIBOR/EURIBOR plus a margin that is typically in the region of 0%-1.75%.

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

| | 2021 €000 | 2020 €000 |
|------------------------------------|--------------|----------------|
| Amounts owed to group undertakings | - | 315,960 |
| | <u>-</u> | <u>315,960</u> |

Amounts owed to group undertakings are unsecured and are repayable at maturity on 30 November 2022. It is intended to settle the debt earlier than the maturity date and therefore the loans are presented as being repayable within 12 months.

SMITHS GROUP FINANCE EU LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2021**

14. Financial instruments

| | 2021 | 2020 |
|--|------------------|-----------|
| | €000 | €000 |
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 430,527 | 487,406 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | (328,526) | (384,271) |

Financial assets measured at fair value through profit or loss comprise cash at bank and loans to other Smiths Group plc subsidiaries, which are repayable on demand or due for immediate settlement as part of an orderly Group restructuring programme. Cash balances are deemed to reflect their fair value as the cash is held in reputable banks with strong credit ratings.

Financial liabilities measured at amortised cost comprise deposits with the Company by subsidiaries of Smiths Group plc, which are repayable on demand or at maturity. The revolving loan facilities are made available on one or three year term and carry interest at LIBOR/EURIBOR plus margin. The facility can, on request, be rolled over for further one or three years on maturity.

15. Called up share capital

| | 2021 | 2020 |
|---|-------------|------|
| | €000 | €000 |
| Allotted, called up and fully paid | | |
| Nil (2020: 96,359) Ordinary shares of €1.00 each | - | 96 |
| 96,359 (2020: Nil) Ordinary shares of €0.01 each | 1 | - |
| | 1 | 96 |

On 6 July 2021 the Directors approved a number of actions to effect a reduction in the capital of the Company. The steps are set out below:

- The Directors, having considered the financial position of the Company and its ability to discharge its debts, approved a Solvency Statement pursuant to section 643 of the Companies Act 2006;
- By way of special resolution, approved by the Directors, a Reduction of Capital was approved. This reduced the share capital of the Company from €96,359 to €964 and reduced the share premium from €96,261,641 to €nil. The effect of this capital reduction was to increase distributable profits, in the profit and loss account in reserves, by €96,357,036.

SMITHS GROUP FINANCE EU LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2021

16. Reserves

Share premium account

The share premium is €nil following the capital reduction approved during the year. (2020: represents 96,359 fully paid ordinary shares with a nominal value of €1 each).

17. Contingent liabilities

The Company has a contingent liability under a composite banking arrangement with other companies in the Group, limited to the amount standing to the credit of the Company's own bank account.

18. Post balance sheet events

In August 2021, the directors approved a reorganisation plan to dispose of its loan assets and liabilities to its holding company, SGIH, with the intention of winding up the company. At the date of signing this report, the Company has already undertaken a number of steps, under the reorganisation plan, to recover and repay all debts, leaving a single amount receivable from SGIH.

The Company will declare a final dividend to SGIH as soon as possible after the signing of this report.

19. Controlling party

For the year ended 31 July 2021, Smiths Group Finance EU Limited was a wholly owned subsidiary of Smiths Group International Holdings Limited.

The ultimate parent company 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 is 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, 4th Floor, 11-12 St James's Square, London, England, United Kingdom, SW1Y 4LB.