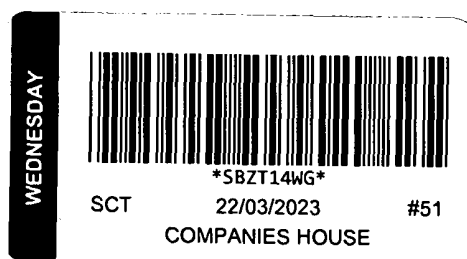


Renishaw Diagnostics Limited

Annual report and financial statements

Registered number SC320353

Year ended 30 June 2022



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Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2022.

Small company provisions

In preparing this report, the Directors have taken advantage of the small companies exemption provided by S415A of the Companies Act 2006. Furthermore, in accordance with S414B of the Companies Act 2006 the Company has taken advantage of the small companies exemption in relation to the Strategic report.

Principal activities and business review

The principal trading activities of the company is the collection of royalty income arising as a result of the intellectual property assets sold by the company. As a result, a contractual agreement to earn royalties based on sales was created.

The results for the year ended 30 June 2022 are set out on page 6.

Directors

The directors who held office during the period were as follows:

W Smith
D Graham
A Roberts

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £5,373,731. The company is dependent on Renishaw plc for any funding required to meet its liabilities as they fall due for payment.

Renishaw plc has provided the company with an undertaking that, for a period to March 31, 2024, it will continue to provide the necessary financial and other support required. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this understanding the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed for the following year and Ernst & Young LLP will therefore continue in office.

By order of the board



Allen Roberts
Director

Research Park North
Riccarton
Edinburgh, Scotland
EH14 4AP
United Kingdom
16 March 2023

Statement of Directors' Responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENISHAW DIAGNOSTICS LIMITED

Opinion

We have audited the financial statements of Renishaw Diagnostics Limited (the 'company') for the year ended 30 June 2022 which comprise the Income Statement, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 9, 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 FRS 101 "Reduced Disclosure Framework" "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditor's 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 UK, including the FRC'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 to 31 March 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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 this 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 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

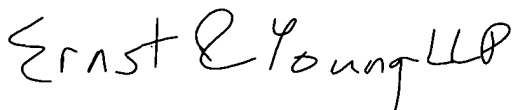
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including GDPR.
- We assessed how Renishaw Diagnostics Limited is complying with those frameworks by making enquiries with management to understand how the Company maintains and communicated policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities of fraudulent transactions.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur through internal team conversations and enquiry of management. Through these procedures we determined there to be a risk of fraud around management override of controls through posting of manual journals. We selected a sample of manual journals posted during the year to perform detailed testing to verify the journal posted was supported by an appropriate underlying business rationale, properly authorised, accounted for correctly and properly recorded in the correct period.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved verifying that material transactions are recorded in compliance with FRS 101 and where appropriate Companies Act 2006. Compliance with other operational laws and regulations was covered through our inquiry with no indication of non-compliance identified.

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



Anup Sodhi (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton, United Kingdom

16 March 2023

**Income statement
for the year ended 30 June 2022**


	notes	2022	2021
		£	£
Revenue	1	44,648	10,589
Gross profit		44,648	10,589
Administrative expenses		-	-
Operating profit		44,648	10,589
Intercompany Interest payable		(128,581)	(112,230)
Loss before tax		(83,933)	(101,641)
Tax on loss on ordinary activities	4	15,947	19,312
Loss for the financial year		(67,986)	(82,329)

**Balance sheet
at 30 June 2022**

	notes	2022	2021
		£	£
Current assets			
Cash and cash equivalents		67,473	19,048
Debtors	5	42,902	58,974
Contract assets		14,883	-
		125,258	78,022
Creditors: amounts falling due within one year	6	(5,498,989)	(5,383,767)
Total assets less current liabilities		(5,373,731)	(5,305,745)
Net liabilities		(5,373,731)	(5,305,745)
Equity			
Share capital	7	1,640	1,640
Share premium		9,198,460	9,198,460
Retained earnings		(14,573,831)	(14,505,845)
Total equity		(5,373,731)	(5,305,745)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to small companies regime.

These financial statements were approved by the board of directors on 16 March 2023 and were signed on its behalf by:


Allen Roberts
Director

Registered number: SC320353

**Statement of Changes in Equity
At 30 June 2022**

	Called up share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
Balance at 1 July 2020	1,640	9,198,460	(14,423,516)	(5,223,416)
Loss for the financial year ended 30 June 2021	-	-	(82,329)	(82,329)
Balance at 30 June 2021	1,640	9,198,460	(14,505,845)	(5,305,745)
Loss for the financial year ended 30 June 2022	-	-	(67,986)	(67,986)
Balance at 30 June 2022	1,640	9,198,460	(14,573,831)	(5,373,731)

Notes

(forming part of the financial statements)

1 Accounting policies

Renishaw Diagnostics Limited (the "Company") is a company incorporated and domiciled in the UK.

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 UK adopted International Accounting Standards (IAS), 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.

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

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

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

There have been no critical judgements or estimates made by the directors, in the application of these accounting policies, that have significant effect on the financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £5,373,731. The company is dependent on Renishaw plc for any funding required to meet its liabilities as they fall due for payment.

Renishaw plc has provided the company with an undertaking that, for a period to March 31, 2024, it will continue to provide the necessary financial and other support required. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this understanding the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other creditors

Trade and other debtors/creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

Revenue

Revenue represents the amounts (excluding value added tax) derived from royalty income arising as a result of the intellectual property assets sold by the company. Revenue is recognised when the performance obligation is satisfied over time in line with the contractual agreement. All revenue arises from within the UK.

Contract assets

Contract assets represent the Company's right to consideration in exchange for goods and services that have been transferred to a customer, and mainly includes accrued revenue in respect of royalties earned but not yet fully billed. Contract assets are distinct from receivables, which represent the Company's right to consideration that is unconditional.

Interest payable

Interest payable is recognised in the Income statement as it accrues, using the effective interest method.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2 Remuneration of directors

The directors of the Company received no remuneration in respect of services provided by the Company. The Company had no employees other than the directors.

3 Auditor's remuneration

Audit fees for the year to 30 June 2022 of £4,387 (2021 £3,988) were paid by the ultimate parent undertaking, Renishaw plc.

4 Taxation

Recognised in the Income statement

	2022	2021
	£	£
<i>UK corporation tax</i>		
Current tax on loss for the period	(15,947)	(19,312)
Adjustments in respect of prior periods	-	-
Total current tax	(15,947)	(19,312)
Total tax credit on ordinary activities	(15,947)	(19,312)
Reconciliation of effective tax rate	2022	2021
	£	£
Loss on ordinary activities before taxation	83,933	101,641
Tax at 19% (2021: 19%)	(15,947)	(19,312)
Effects of:		
Current tax adjustment in respect of prior year	-	-
Credit against loss on ordinary activities	(15,947)	(19,312)

The Finance Act 2021 enacted on 10 June 2021 increased the main rate of UK corporation tax from 19% to 25%, effective from 1 April 2023. This will increase the Company's future effective tax rate accordingly.

Notes (continued)

5 Debtors

	2022 £	2021 £
Trade debtors	-	12,707
Amounts owed to parent and Group undertakings	26,955	26,955
Other taxes and social security	15,947	19,312
Total Debtors	42,902	58,974

6 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to parent undertaking	5,498,989	5,383,767
Total Creditors	5,498,989	5,383,767

The amounts owed to parent undertaking are interest bearing at a rate of 2% above the Bank of England base rate. These amounts are repayable on demand and have therefore been classified as current liabilities.

7 Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid		
92,400 (2021: 92,400) A Ordinary shares of 1p each	924	924
7,600 (2021: 7,600) B Ordinary shares of 1p each	76	76
64,000 (2021: 64,000) C Ordinary shares of 1p each	640	640
	1,640	1,640

C class shares carry no voting rights or rights to dividend, whilst A and B class shares carry one vote per share. In all other respects A, B and C class share are similar.

8 Related party transactions

The Company and group have taken advantage of the exemption granted under FRS 101 from the requirement to disclose transactions with related parties where 100% of the voting rights of those parties are controlled by the same group and consolidated financial statements are prepared for the group.

At 30 June 2022, the company owed Renishaw plc £5,498,989 (2021: £5,383,767) from a combination of a loan provided by Renishaw plc and intercompany cost recharges.

9 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party of the company is Renishaw plc, a company incorporated in England and Wales.

The consolidated financial statements of Renishaw plc are available to the public and may be obtained from New Mills, Wotton-under-Edge, Gloucestershire, GL12 8JR or from the website www.renishaw.com.