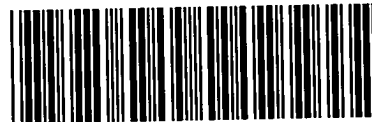


Registered Number 00894638

GRASEBY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

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GRASEBY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2014

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GRASEBY LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 JULY 2014

The directors present their report and the audited financial statements for the year ended 31 July 2014. The comparatives are for the year ended 31 July 2013.

PRINCIPAL ACTIVITIES

The Company's principal activity in the year is that of an investment holding Company. There has been no significant change in this activity during the year.

The Company's profit for the year is £303,000 (2013: £1,232,000).

FINANCIAL RISK MANAGEMENT

The Company complies with the Smiths Group plc financial risk management policies. These policies are explained in the risk and responsibility section and the financial risk management note to the accounts included in the Smiths Group plc Annual Report 2014 which does not form part of this report.

DIRECTORS

The directors who held office during the year are given below:

S. L. Cameron (resigned 30 September 2014)
D. A. R. Broad (resigned 30 September 2013)
A. Ralph (appointed 26 November 2013)
N.R. Burdett (appointed 14 October 2014)

The Company Secretary at 31 July 2014 was N.R. Burdett.

STRATEGIC REPORT

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

INDEPENDENT AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Each person who is a director at the date of approval of this report confirms that:

(a) so far as the directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and

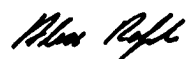
(b) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board



A. Ralph
Director

10 December 2014

GRASEBY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 JULY 2014

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRASEBY LIMITED

Opinion on financial statements

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 July 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements which are prepared by Graseby Limited, comprise:

- the balance sheet as at 31 July 2014;
- the profit and loss account, for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

What an audit of financial statements involves

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

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

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRASEBY LIMITED

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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



Sotiris Kroustis (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

10 December 2014

GRASEBY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2014

	Notes	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Other operating charges		(230)	-
Operating (loss) / result and (loss) / result on ordinary activities before interest and taxation	2	(230)	-
Interest receivable and similar income	5	600	1,099
Other finance expenses	14	(22)	(22)
Amounts written off investments	7	(45)	(125)
Profit on ordinary activities before taxation		303	952
Tax on profit on ordinary activities	6	-	280
Profit for the financial year	12	303	1,232

The profit for the financial year arose from continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents.

GRASEBY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 JULY 2014

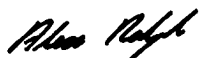
	Notes	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Profit for the financial year		303	1,232
Actuarial gains/(losses) relating to the pension scheme	14	167	(37)
Total recognised gains and losses relating to the year		470	1,195

GRASEBY LIMITED

BALANCE SHEET AS AT 31 JULY 2014

	Notes	31 July 2014 £'000	31 July 2013 £'000
Fixed assets			
Investments	7	<u>5</u>	<u>50</u>
Current assets			
Debtors			
- falling due within one year	8	84,184	83,669
Cash at bank		<u>-</u>	<u>-</u>
		84,184	83,669
Creditors (amounts falling due within one year)	9	(4,499)	(4,499)
Net current assets		<u>79,685</u>	<u>79,170</u>
Total assets less current liabilities and net assets excluding post retirement healthcare liability		<u>79,690</u>	<u>79,220</u>
Post retirement healthcare liability	14	<u>(500)</u>	<u>(500)</u>
Net assets including post retirement healthcare liability		<u><u>79,190</u></u>	<u><u>78,720</u></u>
Capital and reserves			
Called up share capital	11	16,509	16,509
Share premium account	12	13,850	13,850
Other reserves	12	2,479	2,479
Profit and loss account	12	<u>46,352</u>	<u>45,882</u>
Total shareholders' funds	13	<u><u>79,190</u></u>	<u><u>78,720</u></u>

The financial statements on pages 5 to 15 were approved by the board of directors on 10 December 2014 and were signed on its behalf by:



A. Ralph
Director

Company registered number: 00894638

GRASEBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2014

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and all applicable accounting standards in the United Kingdom (UK GAAP).

These financial statements have been prepared on a going concern basis and under the historical cost convention modified to include revaluation of pension assets and liabilities held at fair value.

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

The principal accounting policies are set out below and have been applied consistently throughout the year.

Cash flow statement

A statement of cash flows in accordance with "FRS 1 (Revised 1996) Cash Flow Statements" has not been prepared because all the voting rights of the Company are ultimately controlled by Smiths Group plc, which presents a cash flow statement for the Group within its consolidated financial statements.

Financial assets

Financial assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price used includes transaction costs unless the asset is being fair valued through the profit and loss account.

The classification of financial assets depends on the purpose for which the assets were acquired. Management determines the classification of an asset at initial recognition and re-evaluates their designation at each reporting date. Assets are classified as: loans and receivables; held to maturity investments; available-for-sale financial assets; or financial assets where changes in fair value are charged (or credited) to the profit and loss account.

The subsequent measurement of financial assets depends on their classification. Loans and receivables and held-to-maturity investments are measured at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets where changes in fair value are charged (or credited) to the profit and loss account are subsequently measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are included in the profit and loss account in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments previously taken to reserves are included in the profit and loss account.

Financial assets are derecognised when the right to receive cash-flows from the assets has expired or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

Financial liabilities

Borrowings are initially recognised at the fair value of the proceeds, net of related transaction costs. These transaction costs and any discount or premium on issue are subsequently amortised under the effective yield method through the profit and loss account as interest over the life of the loan, and added to the liability disclosed in the balance sheet. Related accrued interest is included in the borrowings figure.

Borrowings are classified due within one year unless the Company has an unconditional right to defer settlement of the liability for at least one year after the balance sheet date.

GRASEBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2014

1 ACCOUNTING POLICIES (CONTINUED)

Post-retirement healthcare obligations

The Company has provided in full for the actuarially-assessed future cost of making regular monthly payments to a number of retired employees who agreed to waive their entitlement to post-retirement medical benefits.

Investments

Investments in subsidiary undertakings and other participating interests are stated at cost less provision for impairment. Any impairment is charged to the profit and loss account as it arises.

Current taxation

The tax on ordinary activities represents the amount received/paid for group relief in respect of tax losses surrendered/claimed in the current year. All current tax liabilities have been assumed by Smiths Group plc, the ultimate parent Company.

Deferred taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date. Timing differences are the difference between the Company's taxable profits and its results as disclosed in the financial statements, arising from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred assets are recognised only when their recovery is considered probable.

Deferred tax is not discounted.

2 OPERATING (LOSS) / RESULT

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Operating (loss) / result is stated after charging:		
Past service costs	200	-
Intra Group debtors written off	30	-
	<hr/>	<hr/>

The audit fee in respect of this Company has been borne by another Smiths Group Company. Auditors' remuneration for non-audit services was £nil (2013: £nil).

3 DIRECTORS' REMUNERATION

None of the directors of the Company received any remuneration in respect of their services as directors of the Company (2013: £nil).

4 EMPLOYEES

The Company has no active employees (2013: none). Employees of other Smiths Group companies perform all administration of the Company's affairs. No charge for these services has been levied upon the Company in the current year or the previous year.

GRASEBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2014

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Interest receivable from group undertakings	600	1,099
	<u>600</u>	<u>1,099</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Analysis of tax credit on ordinary activities		
United Kingdom		
Prior period adjustments		
- Release of group relief charged in previous periods	-	280
	<u>-</u>	<u>280</u>
Tax on profit on ordinary activities	-	280
	<u>-</u>	<u>280</u>

The tax for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Profit on ordinary activities before taxation	303	952
UK corporation tax at 22.33% (2013: 23.70%)	(68)	(225)
Effects of:		
Difference between pension contribution relief and net pension cost charge	(37)	9
Impairment provision on investments	(10)	(30)
Expenses not deductible for tax purposes	(7)	-
	<u>(122)</u>	<u>(246)</u>
Group relief claimed / (surrendered) to fellow subsidiary:		
Current year	122	246
Release of accrual for group relief payment	-	280
	<u>-</u>	<u>280</u>
Total current tax	-	280

In the prior year, Smiths Group decided that UK companies were no longer required to compensate the surrendering company for the receipt of group relief. As a result, the Company has released the accrual for group relief charged in previous years, and no payments or receipts in respect of group relief were accrued in the prior year.

GRASEBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2014

6 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Deferred Taxation

The Company is part of a UK tax group including all the UK based subsidiaries of Smiths Group plc. In the year to 31 July 2014, having considered the impact of the increased pension deficit on the outlook for the UK tax base of Smiths Group plc, the Company decided to derecognise all UK deferred tax assets because it is no longer probable that they would be recovered.

As at 31 July 2014 the Company has unrecognised deferred tax assets of £100,000 (2013: £100,000) relating to post-retirement healthcare obligations. These tax allowances remain available to the company and can be utilised should the UK tax base of Smiths Group plc improve.

7 FIXED ASSET INVESTMENTS

	Shares in other undertakings £'000
Cost	
At 31 July 2013 and 31 July 2014	175
Provision for permanent diminution in value	
1 August 2013	125
Additional impairments/provisions	45
At 31 July 2014	170
Net book value	
At 31 July 2014	5
At 31 July 2013	50

Following a review of the recoverability of investments, an impairment provision has been recognised on the investment in Flexible Technology Limited.

Following the recognition of the provision for impairment, in the opinion of the directors the value of investments is not less than the aggregate amount at which they are shown in the Company's balance sheet.

Shares in other undertakings

	Country of incorporation	Class of capital	Principal activity
Domestic other undertakings			
Flexible Technology Limited	Scotland	100% of cumulative redeemable preference shares (all directly held)	Manufacture of electronic components

Flexible Technology Limited has, on issue, other classes of ordinary and preference shares in addition to Cumulative Redeemable Preference Shares. The Company has no beneficial interest in any of these other classes of shares.

GRASEBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2014

8 DEBTORS

31 July 2014 31 July 2013
£'000 £'000

Amounts falling due within one year

Amounts owed by group undertakings	84,184	83,669
------------------------------------	--------	--------

The amounts owed by Group undertakings at 31 July 2014 included a loan to Smiths Group International Holdings Limited ("SGIH"). SGIH is a wholly owned subsidiary of Smiths Group plc, the parent undertaking of the Company. Further details about this loan are provided in note 10.

The Directors regard these as debtors due within one year.

9 CREDITORS - amounts falling due within one year

31 July 2014 31 July 2013
£'000 £'000

Amounts due to group undertakings	4,499	4,499
	<u>4,499</u>	<u>4,499</u>

The amounts due to group undertakings are unsecured, interest free, and are payable on demand.

10 FINANCIAL INSTRUMENTS

Maturity profile of financial instruments

At 31 July 2014	Investments in non-equity shares	Amounts owed by group undertakings	Amounts owed to group undertakings
Maturity of financial assets/(liabilities)	£'000	£'000	£'000
No contractual maturity date	5	-	-
On demand	-	82,237	-
	<u>5</u>	<u>82,237</u>	<u>-</u>
	<u>5</u>	<u>82,237</u>	<u>-</u>
At 31 July 2013	Investments in non-equity shares	Amounts owed by group undertakings	Amounts owed to group undertakings
Maturity of financial assets/(liabilities)	£'000	£'000	£'000
No contractual maturity date	50	-	-
On demand	-	81,692	-
	<u>50</u>	<u>81,692</u>	<u>-</u>
	<u>50</u>	<u>81,692</u>	<u>-</u>

The amounts owed to group undertakings consists of a loan to Smiths Group International Holdings Limited. The loan is unsecured, carries interest at 12 month Sterling LIBID rates, has no fixed repayment date and is repayable on demand.

The maturity analysis of amounts owed by and due to group undertakings excludes debtors and creditors arising from trading activities. A credit period of 30 days is given for intra-group trading invoices.

GRASEBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2014

11 CALLED UP SHARE CAPITAL

	31 July 2014 £'000	31 July 2013 £'000
Issued and fully paid		
66,034,995 (2013: 66,034,995) ordinary shares of £0.25 each	16,509	16,509

The Company's share capital comprises ordinary £0.25 shares.

12 RESERVES

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 August 2013	13,850	2,479	45,882	62,211
Profit for the financial year	-	-	303	303
Actuarial gain/(loss) on pension scheme	-	-	167	167
At 31 July 2014	13,850	2,479	46,352	62,681

The Company's profit and loss reserve of £46,352,000 (2013: £45,882,000) includes £25,373,000 (2013: £25,373,000) that is not available for distribution.

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
Profit for the financial year	303	1,232
Other recognised gains and losses relating to the year	167	(37)
Net addition to shareholders' funds	470	1,195
Opening shareholders' funds	78,720	77,525
Closing shareholders' funds	79,190	78,720

GRASEBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2014

14 POST RETIREMENT HEALTHCARE LIABILITY

The Company operates a post-retirement benefit scheme in respect of some past employees. Medical insurance cover is provided for a small number of retirees and another group is in receipt of small monthly payments in lieu of the insurance cover. The scheme is unfunded and is accounted for on a defined benefit basis.

Independent actuaries updated the latest full actuarial valuation of the Scheme as at 31 March 2013 in order to assess the liabilities at 31 July 2014, using the following principal assumptions:

	2014	2013
Discount rate	4.00%	4.40%
Healthcare cost increases	8.00%	5.00%

Interest charges of £22,000 on the liability (2013: £22,000) have been recognised in other finance expenses.

The scheme is unfunded and has no assets (2013: £nil). The liabilities of the scheme as at 31 July 2014 are:

	31 July 2014 £'000	31 July 2013 £'000
Post-retirement medical scheme	(500)	(500)
Net post-retirement medical liability	<u>(500)</u>	<u>(500)</u>

Changes in present value of scheme obligations:

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
At beginning of the year	(500)	(500)
Movement in the year:		
Interest on obligations	(22)	(22)
Actuarial gains / (losses) on liabilities	167	(37)
Benefits paid	55	59
Past service costs	(200)	-
At the end of the year	<u>(500)</u>	<u>(500)</u>

The actuarial gains and losses on liabilities arise from changes in the assumptions underlying the present value of the scheme liabilities.

Changes in present value of scheme assets:

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000
At beginning of the year	-	-
Movement in the year:		
Employer contributions	55	59
Benefits paid	(55)	(59)
At the end of the year	<u>-</u>	<u>-</u>

GRASEBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2014

15 RELATED PARTY TRANSACTION

The Company has taken advantage of the exemption provided by Paragraph 3(c) of Financial Reporting Standard 8 not to disclose transactions with entities that are directly or indirectly, wholly owned by Smiths Group plc.

16 ULTIMATE PARENT UNDERTAKING

For the year ended 31 July 2014, Graseby Limited was a wholly owned subsidiary of Smiths Group plc.

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 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, 2nd Floor, Cardinal Place, 80 Victoria Street, London, SW1E 5JL.