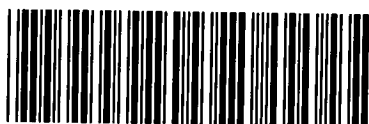


GRASEBY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

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GRASEBY LIMITED

COMPANY INFORMATION

<i>Directors</i>	M Furlonger J M Mills (appointed 6 March 2019) M J Rowlands (resigned 6 March 2019)
<i>Company secretary</i>	F Gillespie
<i>Registered number</i>	00894638
<i>Registered office</i>	4th Floor 11-12 St James's Square London England SW1Y 4LB
<i>Independent auditor</i>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH UK

GRASEBY LIMITED

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GRASEBY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2019

The directors present their report and the financial statements for the year ended 31 July 2019.

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

Principal activities

The principal activity of Graseby Limited (the "Company") was that of an investment holding and financing Company. There have been no significant changes in this activity during the year.

Principal risks and uncertainties

The directors of Smiths Group plc (the "Group") manage the Smiths Group risks at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a disclosure of the Company's risk profile would not be appropriate for an understanding of the activities of Graseby Limited. See the Smiths Group plc Annual Report and Accounts pages 62 to 70 for a description of the Smiths Group plc risk management and key risks.

Financial key performance indicators

The directors of Smiths Group plc manage the Group's operations on a consolidated basis using divisional KPIs. 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 Smiths Group plc is discussed in the Strategic Report section of the Group's Annual Report and Accounts, which does not form part of this report.

Results and dividends

The profit for the year, after taxation, amounted to £719,000 (2018: £498,000).

The directors have not proposed or paid a dividend (2018: no dividend paid or proposed).

Directors

The directors who served during the year and up to the date of signing were:

M Furlonger

J M Mills (appointed 6 March 2019)

M J Rowlands (resigned 6 March 2019)

Qualifying third party indemnity provisions

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) have remained in force for M J Rowlands during the year ended 31 July 2019 and, at the date of this report, are in force in relation to certain losses and liabilities which she may incur (or have incurred) to third parties in the course of her professional duties for the Company. The same qualifying third party indemnity provisions have been in force for J M Mills since 18 September 2019.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

GRASEBY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2019**

Directors' responsibilities statement

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

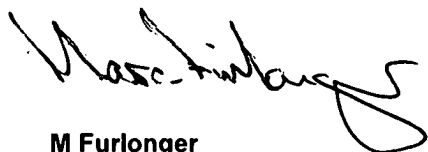
Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Appointment of Auditors

Following the completion of the current year audit PricewaterhouseCoopers LLP will stand down as the Company's auditors. On the recommendation of the Group Audit & Risk Committee, the Board intends to subsequently appoint KPMG LLP as the company's new auditors.
This report was approved by the board and signed on its behalf.



M Furlonger
Director

16 January 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRASEBY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Graseby Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 July 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRASEBY LIMITED

or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 July 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRASEBY LIMITED

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Nigel B Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16 January 2020

GRASEBY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2019**

	Note	2019 £000	2018 £000
Interest receivable and similar income	6	755	514
Interest payable and expenses	7	-	(2)
Other finance expense	8	(8)	(5)
Profit before tax		747	507
Tax on profit	9	(28)	(9)
Profit for the financial year		719	498
Other comprehensive (expense)/income:			
Actuarial (loss)/gain on defined benefit schemes	18	(12)	6
		(12)	6
Total comprehensive income for the year		707	504

The notes on pages 9 to 21 form part of these financial statements.

GRASEBY LIMITED
REGISTERED NUMBER: 00894638

BALANCE SHEET
AS AT 31 JULY 2019

	Note	2019 £000	2018 £000
Fixed asset			
Investments	10	5	5
		<u>5</u>	<u>5</u>
Current assets			
Debtors: amounts falling due after more than one year	11	-	55
Debtors: amounts falling due within one year	11	87,411	86,675
Cash at bank and in hand	12	13	8
		<u>87,424</u>	<u>86,738</u>
Creditors: amounts falling due within one year	13	(4,499)	(4,499)
Net current assets		<u>82,925</u>	<u>82,239</u>
Total assets less current liabilities		<u>82,930</u>	<u>82,244</u>
Pension liability	18	(270)	(291)
Net assets		<u><u>82,660</u></u>	<u><u>81,953</u></u>
Capital and reserves			
Called up share capital	16	16,509	16,509
Share premium account	17	13,850	13,850
Other reserves	17	2,479	2,479
Profit and loss account	17	49,822	49,115
		<u><u>82,660</u></u>	<u><u>81,953</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 January 2020.


M Furlonger
 Director

The notes on pages 9 to 21 form part of these financial statements.

GRASEBY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2019**

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 August 2017	16,509	13,850	2,479	48,611	81,449
Comprehensive income for the year					
Profit for the financial year	-	-	-	498	498
Actuarial gains on pension scheme	-	-	-	6	6
Other comprehensive income for the year	-	-	-	6	6
Total comprehensive income for the year	-	-	-	504	504
At 31 July 2018	16,509	13,850	2,479	49,115	81,953
Comprehensive income for the year					
Profit for the financial year	-	-	-	719	719
Actuarial losses on pension scheme	-	-	-	(12)	(12)
Other comprehensive expense for the year	-	-	-	(12)	(12)
Total comprehensive income for the year	-	-	-	707	707
At 31 July 2019	16,509	13,850	2,479	49,822	82,660

The notes on pages 9 to 21 form part of these financial statements.

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

1. General information

The Company is a limited liability company incorporated and domiciled in England. Its registered office is 4th Floor, 11-12 St James's Square, London, England, SW1Y 4LB.

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

As the Company is a wholly owned subsidiary of Smiths Group plc which prepares publicly available consolidated group accounts, the Company has not prepared consolidated accounts as permitted by Section 400 of the Companies Act 2006.

2. Accounting policies

2.1 Basis of preparation of financial statements

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

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' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The 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 and financial instruments held at fair value.

The following principal accounting policies have been applied:

GRASEBY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2019

2. Accounting policies (continued)

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 paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- 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;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- 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
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Impact of new international reporting standards, amendments and interpretations

IFRS 9

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 01 August 2018.

IFRS 15

From 01 August 2018, the Company has applied IFRS 15 using the cumulative effect method.

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

2. Accounting policies (continued)

2.3 Impact of new international reporting standards, amendments and interpretations (continued)

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 01 August 2018.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

2.5 Interest income

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

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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 Post retirement healthcare obligations

The liability for post-retirement healthcare schemes recognised in the balance sheet is the present value of the obligation at the balance sheet date.

The obligation is calculated annually by independent actuaries using the projected unit credit method. The present value is determined by discounting the estimated future cash outflows using interest rates of AA-rated corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the period in which they occur, outside of the income statement, and are presented in the statement of comprehensive income. Past service costs are recognised immediately in the income statement.

2.8 Current and deferred taxation

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

Deferred tax is provided in full using the balance sheet liability method. A deferred tax asset is recognised where it is probable that future taxable income will be sufficient to utilise the available relief. Tax is charged or credited to the income statement except when it relates to items charged or credited directly to equity, in which case the tax is also dealt with in equity.

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

2. Accounting policies (continued)

2.9 Valuation of 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.

2.10 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.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

2.12 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.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

2. Accounting policies (continued)

2.12 Financial instruments (continued)

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

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.

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.

Following adoption of IFRS 9 and the associated necessary accounting policy, the impact of introducing an expected credit loss model has been reviewed on the Company's loan receivables provisioning. It was determined that there have been no material impacts on the Company's financial statements.

Retirement benefits

The assumptions used in calculating the costs and obligations of the Company's defined benefit pension plan are set by the Company after consultation with independent professionally qualified actuaries. The assumptions used are estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily occur in practice.

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

4. Operating profit

During the year, no director received any emoluments (2018: £nil). Director fees are not directly attributable and borne by another entity in the group.

The audit fee in respect of this Company has been borne by another Smiths Group Company. Auditors' remuneration for non-audit services was £nil (2018: £nil).

5. Employees

The Company has no active employees in 2019 (2018: 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.

6. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable from group companies	755	514
	755	514
	755	514

7. Interest payable and similar expenses

	2019 £000	2018 £000
Bank interest payable	-	2
	-	2
	-	2

8. Other finance expenses

		2019 £000	2018 £000
Interest on obligation	18	(8)	(8)
Foreign exchange gains		-	3
		(8)	(5)
		(8)	(5)

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

9. Tax on profit

	2019 £000	2018 £000
Corporation tax		
Adjustment in respect of prior year	(27)	-
	<u>(27)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	55	9
Total deferred tax movement within the year	<u>55</u>	<u>9</u>
Total tax	<u><u>28</u></u>	<u><u>9</u></u>

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Profit before taxation	<u>747</u>	<u>507</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	142	96
Effects of:		
Increase or decrease in pension fund prepayment leading to a decrease in tax	(6)	(6)
Deferred tax recognition on temporary differences	55	9
Current tax on profits for the year	(27)	-
Group relief	(136)	(90)
Total tax charge for the year	<u><u>28</u></u>	<u><u>9</u></u>

Factors that may affect future tax charges

Smiths Group plc 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 were accrued in the current or previous financial year, and no payments or receipts will be made in future years while this policy remains in force.

The UK government has cut the Corporation Tax rate to 19% for the 2018/19 tax year and announced it

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

9. Tax on profit (continued)

intends to reduce the rate to 17% by 2020. If the Company pays tax in the future, and these rates are still in force, the Company will benefit from lower tax payments.

10. Investments

	Unlisted investments £000
Cost	
At 1 August 2018	175
At 31 July 2019	<u>175</u>
Impairment	
At 1 August 2018	170
At 31 July 2019	<u>170</u>
Net book value	
At 31 July 2019	<u><u>5</u></u>
At 31 July 2018	<u><u>5</u></u>

Investments in unlisted shares comprise 100% of the cumulative redeemable preference shares of Flexible Technology Limited, a private limited company incorporated in Scotland which manufactures electronic components. There are other classes of shares, including ordinary share capital, and the Company has no interest in any of these other classes of shares.

Due to a decline in distributable reserves and the non-payment of dividends, the investment has been impaired to its current carrying value of £5,000.

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

11. Debtors

		2019 £000	2018 £000
Due after more than one year			
Deferred tax asset	15	-	55
		<u>-</u>	<u>55</u>
Due within one year			
Amounts owed by group undertakings		87,411	86,675
		<u>87,411</u>	<u>86,675</u>

Amounts owed by group undertakings comprise a loan of £85,463k (2018: £84,727k) owing from a Group undertaking, falling due within one year, that is repayable on demand and carries interest at 12 month sterling LIBID and £1,948k (2018: £1,948k) arising from intra-group trading and recharges which are unsecured, interest free and payable on demand.

12. Cash at bank and in hand

		2019 £000	2018 £000
Cash at bank and in hand		13	8
		<u>13</u>	<u>8</u>

13. Creditors: Amounts falling due within one year

		2019 £000	2018 £000
Amounts owed to group undertakings		4,499	4,499
		<u>4,499</u>	<u>4,499</u>

Amounts owed to group undertakings comprise £4,499k (2018: £4,499k) arising from intra-group trading and recharges. These balances are unsecured, interest free and payable on demand.

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

14. Financial instruments

	2019 £000	2018 £000
Financial assets		
Financial assets measured at fair value through profit or loss	18	13
Financial assets that are debt instruments measured at amortised cost	87,411	86,675
	87,429	86,688
Financial liabilities		
Financial liabilities measured at amortised cost	(4,499)	(4,499)
	(4,499)	(4,499)

Financial assets measured at fair value through profit or loss comprise a trade investment, valued at £5k (2018: £5k), and cash and bank balances.

Financial assets measured at amortised cost comprise a loan of £85,463k (2018: £84,727k) owing from a Group undertaking, falling due within one year, that is repayable on demand and carries interest at 12 month sterling LIBID and £1,948k (2018: £1,948k) arising from intra-group trading and recharges which are unsecured, interest free and payable on demand.

Financial liabilities measured at amortised cost comprise £4,499k (2018: £4,499k) arising from intra-group trading and recharges. These balances are unsecured, interest free and payable on demand.

15. Deferred taxation

	2019 £000
At beginning of year	55
Charged to profit or loss	(55)
At end of year	-

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

15. Deferred taxation (continued)

	2019 £000	2018 £000
Recognised deferred tax asset	-	55
	<u>-</u>	<u>55</u>

As at 31 July 2019 the company had unrecognised deferred tax on carried forward temporary differences of £46,000 (2018: all recognised). Following the decision to separate the Medical division (including Medical companies in the UK) from the Smiths Group next year, the Company's (and the impact on the recoverability of deferred tax asset amounts) deferred tax assets have not been recognised.

16. Called up share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
66,034,995 (2018: 66,034,995) Ordinary shares of £0.25 each	16,509	16,509
	<u>16,509</u>	<u>16,509</u>

17. Reserves

Share premium account

Share premium was £13,850,000 (2018: £13,850,000).

Other reserves

Other reserves was £2,497 (2018: £2,497)

Profit and loss account

The profit and loss account was £49,822 (2018: £49,115).

18. Pension commitments

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 accounted for on a defined benefit basis.

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

18. Pension commitments (continued)

Composition of plan assets:

	2019 £000	2018 £000
Present value of plan liabilities	(270)	(291)
Net pension scheme liability	(270)	(291)

The amounts recognised in profit or loss are as follows:

	2019 £000	2018 £000
Interest on obligation	(8)	(8)
Total	(8)	(8)

Reconciliation of fair value of plan liabilities were as follows:

	2019 £000	2018 £000
Opening defined benefit obligation	291	329
Interest cost	8	8
Actuarial loss/(gains)	12	(6)
Benefits paid	(41)	(40)
Closing defined benefit obligation	270	291

Reconciliation of fair value of plan assets were as follows:

	2019 £000	2018 £000
Contributions by employer	41	40
Benefits paid	(41)	(40)
	-	-

The actuarial loss/gain recognised in the Statement of Comprehensive Income was £12k loss (2018: £6k gain).

GRASEBY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2019**

18. Pension commitments (continued)

The Company expects to contribute £50k to its pension scheme in 2020.

	2019	2018
	£000	£000
Analysis of actuarial loss/(gain) recognised in Other Comprehensive expense/(income)		
Changes in assumptions underlying the present value of the scheme liabilities	12	(6)
	12	(6)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2019	2018
	%	%
Discount rate	2.1	2.8
Healthcare cost inflation assumption	4.7	4.7
Mortality rates		
- for a male aged 65 now	22 years	22 years
- at 65 for a male aged 45 now	23 years	24 years
- for a female aged 65 now	24 years	24 years
- at 65 for a female member aged 45 now	25 years	25 years

19. Controlling party

As at 31 July 2019, Graseby Limited was a wholly owned subsidiary of Smiths Group plc.

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 accounts of Smiths Group plc may be obtained from the Company Secretary, Smiths Group plc, 4th Floor, 11-12 St James's Square, London, SW1Y 4LB.