

CareFusion U.K. 305 Limited

Report and Financial Statements

Year Ended

30 June 2019

Company Number 02973117



CareFusion U.K. 305 Limited

Company Information

Directors	M Fairbourn E D Hopkin S Venkataraman
Registered number	02973117
Registered office	1030 Eskdale Road Winnersh Triangle Wokingham Berkshire United Kingdom RG41 5TS
Independent auditor	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX
Solicitors	Baker & McKenzie LLP 100 New Bridge Street London EC4V 6JA

CareFusion U.K. 305 Limited

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CareFusion U.K. 305 Limited

Strategic Report For the Year Ended 30 June 2019

The directors present their Strategic Report together with the audited financial statements of CareFusion U.K. 305 Limited ("the Company") for the year ended 30 June 2019.

Principal activity

The principal activity of the entity is that of a holding company. The Company is a wholly owned subsidiary of the Becton Dickinson ("BD") group (the "group"). BD is a global medical technology company engaged in the development, manufacture and sale of a broad range of medical supplies, devices, laboratory equipment and diagnostic products used by healthcare institutions, life-science researchers, clinical laboratories, the pharmaceutical industry and the general public. We provide customer solutions that are focused on improving medication management and patient safety; supporting infection prevention practices; equipping surgical and interventional procedures; improving drug delivery; aiding anesthesiology care; enhancing the diagnosis of infectious diseases and cancers; advancing cellular research and applications; and supporting the management of diabetes.

Review of the business and results for the years

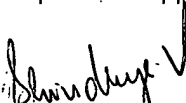
Following the transfer of the Company's assets and liabilities to Becton, Dickinson UK Limited in November 2017 and the closure of its manufacturing operations, the Company is no longer trading.

The Company made a loss on ordinary activities before tax of £6,015,469 (2018: profit of £1,061,769). The loss is due to an impairment charge of £9,979,939 on the Company's investment in Becton Dickinson Rowa Germany GmbH.

Principal risks and uncertainties

As the Company no longer trades it has no competitive, operational or regulatory risks.

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


S Venkataraman
Director

Date: 25-3-20

CareFusion U.K. 305 Limited

Directors' Report For the Year Ended 30 June 2019

The directors present their report together with the audited financial statements for the financial year ended 30 June 2019.

Results and dividends

The loss for the year, after taxation, amounted to £6,165,469 (2018: profit of £845,006).

The directors do not propose payment of a final dividend (2018: £nil). No interim dividend was paid during the year (2018: £nil).

Going concern

The financial statements have not been prepared on a going concern basis. Instead they have been prepared on a break-up basis reflecting the closure of the Company's manufacturing operations as at 31 December 2017 and the directors' intention to wind up the Company within the next twelve months. There were no further adjustments made in the year ended 30 June 2019.

Financial instruments and financial risk management

As the Company has ceased trading by the end of the financial year, there is no longer any financial or credit risk.

Directors

The directors who held office during the year, and up to the date of signing of the financial statements were as follows:

J Neat (resigned 5 November 2019)
M Fairbourn
E D Hopkin
S Venkataraman (appointed 5 November 2019)

Qualifying third party indemnity provisions

The BD group has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Disclosure of information to auditors

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

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

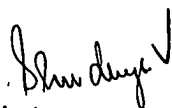
CareFusion U.K. 305 Limited

Directors' Report (continued) For the Year Ended 30 June 2019

Re-appointment of auditors

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



S Venkataraman
Director

Date: 25-3-20

CareFusion U.K. 305 Limited

Directors' Responsibilities Statement For the Year Ended 30 June 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 period.

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; 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of CareFusion U.K. 305 Limited

Opinion

We have audited the financial statements of CareFusion U.K 305 Limited ("the Company") for the year ended 30 June 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 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.

Emphasis of matter - Break-up basis of preparation

We draw attention to note 2 to the financial statements which explains that the directors intend to liquidate the Company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a break-up basis as described in note 2. Our opinion is not modified in this respect of this matter.

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Independent Auditor's Report to the Members of CareFusion U.K. 305 Limited (continued)

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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

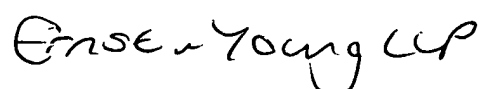
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

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

Independent Auditor's Report to the Members of CareFusion U.K. 305 Limited (continued)

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.

Handwritten signature of Jane Barwell in black ink.

Jane Barwell (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date: 26 March 2020

CareFusion U.K. 305 Limited

Statement of Comprehensive Income For the Year Ended 30 June 2019

	Note	2019 £	2018 £
Turnover	5	-	5,417,605
Cost of sales		-	-
Gross profit		-	5,417,605
Administrative expenses		(217,963)	(4,102,945)
Impairment loss	12	(9,979,939)	-
Operating (loss)/profit	6	(10,197,902)	1,314,660
Investment income	7	4,379,262	-
Interest payable and similar charges	10	(196,829)	(252,891)
(Loss)/profit before tax		(6,015,469)	1,061,769
Tax on (loss)/profit	11	(150,000)	(216,763)
(Loss)/profit for the financial year		(6,165,469)	845,006
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(6,165,469)	845,006

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

The Company's results for the year have been generated from continuing activities.

The notes on pages 11 to 23 form part of these financial statements.

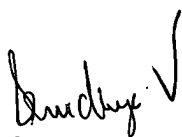
CareFusion U.K. 305 Limited

Registered number: 02973117

Balance Sheet As at 30 June 2019

	Note	2019 £	2018 £
Current assets			
Investments	12	13,094,161	23,074,100
Trade and other receivables: amounts falling due within one year	13	10,665,949	13,601,557
Cash at bank and in hand		-	161,103
Current liabilities		23,760,110	36,836,760
Trade and other payables: amounts falling due within one year	14	(11,158,282)	(18,069,463)
Net current assets		12,601,828	18,767,297
Total assets less current liabilities		12,601,828	18,767,297
Net assets		12,601,828	18,767,297
Capital and reserves			
Called up share capital	15,16	4,922,891	4,922,891
Profit and loss account	16	7,678,937	13,844,406
Equity shareholder's funds		12,601,828	18,767,297

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



S Venkataraman
Director

Date: 25-3-20

The notes on pages 11 to 23 form part of these financial statements.

CareFusion U.K. 305 Limited

Statement of Changes in Equity For the Year Ended 30 June 2019

	Called up share capital £	Share based payment reserve £	Profit and loss account £	Equity shareholder's funds £
At 1 July 2017	4,922,891	692,025	12,471,104	18,086,020
Comprehensive income for the year				
Profit for the financial year	-	-	845,006	845,006
Total comprehensive income for the year	-	-	845,006	845,006
Share-based payment transactions	-	(430,954)	267,225	(163,729)
Transfer to/from profit and loss account	-	(261,071)	261,071	-
At 1 July 2018	4,922,891	-	13,844,406	18,767,297
Comprehensive expense for the year				
Loss for the financial year	-	-	(6,165,469)	(6,165,469)
Total comprehensive expense for the year	-	-	(6,165,469)	(6,165,469)
At 30 June 2019	4,922,891	-	7,678,937	12,601,828

The notes on pages 11 to 23 form part of these financial statements.

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of CareFusion U.K. 305 Limited ("the Company") for the year ended 30 June 2019 were authorised for issue by the board of directors and the Balance Sheet was signed on the board's behalf by S Venkataraman.

The Company is a private company limited by shares, incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company information page at the beginning of these financial statements and the nature of the Company's operations and its principal activities is set out in the Strategic Report on page 1.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and in accordance with applicable accounting standards. The Company's financial statements are presented in Pound Sterling ("GBP") and all values are rounded to the nearest Pound Sterling (£) except when otherwise indicated.

The results of CareFusion U.K. 305 Limited are included in the consolidated financial statements of Becton, Dickinson and Company which are available from www.bd.com.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation

Consistent with the financial statements for the prior year ended 30 June 2018, the financial statements for the year ended 30 June 2019 have not been prepared on a going concern basis. Instead they have been prepared on a break-up basis reflecting the closure of the Company's manufacturing operations as at 31 December 2017 and the directors' intention to wind up the Company within the next twelve months. Adjustments were made in the year ended 30 June 2017 to write down the balance of the Company's deferred tax asset to £nil and to reclassify fixed assets as current assets. The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

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, because the share-based payment arrangement concerns the instruments of another group entity and equivalent disclosures are included in the consolidated financial statement of the group;
- 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; and
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f) 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.

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

Basis of preparation (continued)

The Company has taken advantage of the exemptions listed above as it is a wholly owned subsidiary of Becton, Dickinson and Company, which prepares consolidated financial statements which are publicly available. See note 19 for further details.

New and amended standards and interpretations adopted by the Company

IFRS 9 and IFRS 15 are new accounting standards that are effective for the year ended 30 June 2019.

(a) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

As a result of the adoption of IFRS 9 and the changes in the financial instruments accounting policy, there were no adjustments made to the Company's retained earnings as at 1 July 2018 or 1 July 2017 and there were no adjustments made to line items in the Statement of Comprehensive Income and other comprehensive income statement for the year ended 30 June 2018 relating to the adoption of IFRS 9. The Company holds financial assets in the form of amounts owed by group undertakings and other receivables which are subject to IFRS 9's new, expected credit loss model. The impact of adopting the expected credit loss model is not material.

(b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 has replaced IAS 18 *Revenue* and IAS 11 *Construction Contracts* as well as various Interpretations previously issued by the IFRS Interpretations Committee.

The Company adopted IFRS 15 with a transition date of 1 July 2018.

As a result of the adoption of IFRS 15 there were no adjustments made to the Company's retained earnings as at 1 July 2018 or 1 July 2017 and there were no adjustments made to line items in the Statement of Comprehensive Income and other comprehensive income statement for the year ended 30 June 2018 relating to the adoption of IFRS 15.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 June 2019 and have had a material impact on the Company.

Individual financial statements

The Company holds a minority shareholding in a fellow group company. As such, these financial statements therefore present information about the Company as an individual undertaking and not about its group.

Going concern

The financial statements have not been prepared on a going concern basis. Instead they have been prepared on a break-up basis reflecting the closure of the Company's manufacturing operations as at 31 December 2017 and the directors' intention to wind up the Company within the next twelve months. There were no further adjustments made in the year ended 30 June 2019.

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

Foreign currencies

The Company's financial statements are presented in Pound Sterling, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Balance Sheet date. All differences are taken to the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Investments

Investments are stated at cost, less provision for any impairment in value. The carrying values of fixed asset investments are reviewed for impairment in periods if events, or changes in circumstances indicate the carrying value may not be recoverable.

Financial instruments

Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company does not have any financial assets classified as fair value through profit or loss (FVPL) or fair value through other comprehensive income (FVOCI) at 30 June 2019.

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The assets that are classified at amortised cost are mainly intercompany and other receivables. The Company holds these assets and does not factor or sell them.

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

Financial instruments (continued)

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

Financial liabilities

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms.

Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired. If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and there is the intention to settle net, the relevant financial assets and liabilities are offset.

Revenue recognition

Revenue represents the toll manufacturing recharge to another group company. This recharge also included the costs of research and development and management services.

Revenue is recorded upon completion of the services included in the toll manufacturing and management service agreements. Revenue is measured at fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax or duty.

Dividend receivable

Dividend income is accounted for when the right to receive payment is established, and will be reported net of irrecoverable tax credits and gross of applicable withholding tax.

Research and development costs

All research and development expenditure is charged to the Statement of Comprehensive Income in the year in which it is incurred.

Pension costs

The Company operates a defined contribution pension scheme. Contributions are charged to profit or loss as they become payable in accordance with the rules of the scheme.

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

Share based payments

The ultimate parent company grants share-based awards under the 2004 and 2012 Employee and Director Equity based compensation plans ("2004 plan") ("2012 plan"), which provides for long-term incentive compensation to employees and directors consisting of: stock appreciation rights ("SARs") and restricted stock units ("RSUs").

Equity settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. Awards step-vest over a three and four-year period with a maximum term of ten years.

At each Balance Sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous Balance Sheet date is recognised in the Income Statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation up to the fair value of the award at the cancellation or settlement date is deducted from equity with any excess over fair value being treated as an expense in the Income Statement.

The Company has employees who hold SARs and RSUs granted to them while they were working for another subsidiary of the ultimate parent company. Such employees are classed as "Multis". To the extent that the share-based payments have not fully vested a pro-rata cost based on the fair value of such grants as applicable to the Company is included in the expense calculations under IFRS 2.

Cash settled transactions

There are no cash-settled transactions.

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

2. Accounting policies (continued)

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the Balance Sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax asset against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means the actual outcomes could differ from those involving estimates. The Company's directors are of the opinion that there are no other estimates and assumptions that have a significant risk of causing material adjustment to the carrying value of assets and liabilities for the Company within the next financial year.

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

4. First time adoption of IFRS 9 and IFRS 15

The Company adopted IFRS 9 retrospectively for the first time in these financial statements for the year ended 30 June 2019.

The Company has assessed the impairment requirements of IFRS 9 and has concluded that due to the nature of the revenue transactions within the Company, credit losses will not have a material impact on the Company. The method of calculating the credit losses and estimation techniques used are therefore also not material to the Company or these financial statements.

The Company has also adopted IFRS 15 for the first time and has applied it retrospectively. IFRS 15 requires the Company to exercise judgement, taking into consideration all of the relevant tasks and circumstances when applying each step of the five step model to contracts with customers.

The Company has concluded that there is no material impact on the financial statements as a result of adopting IFRS 9 or IFRS 15 and therefore no adjustments were made to the line items in the Statement of comprehensive income.

5. Turnover

The total turnover of the Company for the prior year has been derived from its principal activity.

The total turnover of the Company for the prior year was derived from geographical markets outside the United Kingdom.

6. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	-	34,072
Research and development costs	-	3,722
Auditor's remuneration - audit services	15,000	13,300
Foreign exchange loss/(gain)	20,275	(37,059)

7. Investment income

	2019 £	2018 £
Dividend from fellow group undertaking	4,379,262	-

Income from investments represents a dividend from the Company's 10% ownership of the ordinary share capital of Becton Dickinson Rowa Germany GmbH, from BD Switzerland S.à.r.l., a fellow indirect subsidiary of Becton, Dickinson and Company, the Company's ultimate parent company.

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

8. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	-	2,159,363
Social security costs	-	183,509
Cost of defined contribution scheme	-	205,278
Share-based payments	-	46,171
	<u>-</u>	<u>2,594,321</u>

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

	2019 No.	2018 No.
Operations	-	24
Distribution	-	5
Administration	-	19
	<u>-</u>	<u>48</u>

9. Directors' emoluments

The directors are paid by another group company, and consider that the level of their qualifying services (which involve one board meeting a year and minimal additional time involved in compliance functions as director) in relation to the Company are incidental or negligible compared to their main roles.

10. Interest payable and similar charges

	2019 £	2018 £
Other interest payable	16,491	-
Interest payable to group undertakings	180,338	252,891
	<u>196,829</u>	<u>252,891</u>

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

11. Tax on (loss)/profit on ordinary activities

	2019 £	2018 £
Current tax		
Tax charge for the year	-	216,763
Adjustments in respect of prior years	(32,475)	-
Foreign taxation	182,475	-
Tax charge for the year	150,000	216,763

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
(Loss)/profit on ordinary activities before taxation	(6,015,469)	1,061,769
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(1,142,939)	201,736
Effects of:		
Expenses not deductible for tax purposes	1,803,579	10,167
Income not taxable for tax purposes	(832,059)	110,334
Group relief surrendered	171,419	-
Foreign tax credits	182,475	-
Adjust opening deferred tax to average rate of 19.00%	-	(11,103)
Deferred tax not recognised	-	(94,371)
Adjustments to tax in respect of previous periods	(32,475)	-
Total tax charge for the year	150,000	216,763

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

11. Tax on (loss)/profit on ordinary activities (continued)

Factors that may affect future tax charges

Changes to the UK Corporation tax rates were substantively enacted as part of Finance Bill 2006 (on 7 September 2016). This included a reduction to the main rate to 17% from 1 April 2020. Deferred taxes at the Balance Sheet date have been measured using these enacted tax rates and reflected in these financial statements.

12. Investments

	Investments in subsidiary companies £
Cost	
At 1 July 2018	23,074,100
At 30 June 2019	23,074,100
Impairment	
Charge for the period	9,979,939
At 30 June 2019	9,979,939
Net book value	
At 30 June 2019	13,094,161
At 30 June 2018	23,074,100

The carrying value of the Company's investment of 10% ordinary share capital in Becton Dickinson Rowa Germany GmbH, has been reviewed to assess whether or not an impairment in its value exists at the end of the fiscal year. As a result of this review, at 30 September 2019, a value adjustment was booked on the investment for an amount of £9,979,939 (2018: £nil).

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

13. Trade and other receivables: amounts falling due within one year

	2019 £	2018 £
Trade debtors	70,498	-
Amounts owed by group undertakings	10,595,451	13,601,557
	<u>10,665,949</u>	<u>13,601,557</u>

Amounts owed by group undertakings are unsecured, interest free and are payable 90 days from the date of the invoice. Interest is receivable at variable rates on intercompany loans.

14. Trade and other payables: amounts falling due within one year

	2019 £	2018 £
Trade payables	224,671	1,185,869
Amounts owed to group undertakings	10,768,152	16,713,644
Other taxation and social security	47,480	-
Corporation tax	14,824	100,955
Accruals and deferred income	103,155	68,995
	<u>11,158,282</u>	<u>18,069,463</u>

Amounts owed to group undertakings are unsecured, interest free and payable 90 days from the date of the invoice.

15. Called up share capital

	2019 £	2018 £
Authorised, called up and fully paid		
4,922,891 (2018: 4,922,891) ordinary shares of £1.00 each	<u>4,922,891</u>	<u>4,922,891</u>

The Company has one class of ordinary shares which carries no right to fixed income.

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

16. Reserves

Called up share capital

Share capital represents the issued and fully paid up equity share capital of the Company.

Profit and loss account

The Profit and loss account represents profit, losses and total other comprehensive income or losses made by the Company, including distributions to, and contributions from, the parent company.

17. Share based payments

CareFusion Corp. Restricted Shares Agreement

CareFusion Corporation, the previous ultimate parent company of CareFusion U.K. 305 Limited, operated a Restricted Share Agreement and a Non-Qualified Stock Option Agreement, in which employees of the Company participated. Following the acquisition of CareFusion Corporation by Becton, Dickinson and Company ("BD") on 17 March 2015, the unvested restricted share awards and stock options were converted into BD restricted share awards and stock options, some with accelerated vesting terms, whilst the vested but not exercised options were settled with a combination of cash and BD shares on the same terms as offered to CareFusion Corporation shareholders on the transaction. Since the acquisition, BD, has operated a new Restricted Share Agreement and Share Appreciation Rights ("SARs"), in which employees of the Company participate.

Restricted Stock Agreement

The restricted shares vested either immediately or over a three year period subject to continued employment. The first tranche vested 12 months after the grant date and annually thereafter, in 33.33% increments. Any awards that are not exercised by the end of the term are forfeited back to the company. Approved Restricted Stock grants vest over a three year period. Performance-based Restricted Stock Units cliff vested three years after the date of grant. These units are tied to the Company's performance against pre-established targets over a three-year performance period.

The weighted average remaining contractual life for the awards outstanding at the end of the year in CareFusion U.K. 305 Limited was approximately nil years (2018: nil years) due to the transfer of employees to another company within the BD group.

The expense recognised in the profit and loss in respect of employee services received during the year for restricted stock to 30 June 2019 is £nil (2018: £56,906).

CareFusion U.K. 305 Limited

Notes to the Financial Statements For the Year Ended 30 June 2019

17. Share based payments (continued)

Non-Qualified Stock Option Agreement and SARs

The non-qualified stock options vest over a three year period and have a maximum seven year term from the date of grant subject to continued employment, but only to the extent they have vested. SARs represent the right to receive, upon exercise, shares of common stock having a value equal to the difference between the market price of common stock on the date of exercise and the exercise price on the date of grant. SARs vest over a four year period and have a ten year term.

No SARs were granted during the year (2018: none). The weighted average exercise price of SARs granted during the year was US\$nil (2018: US\$nil). The weighted average exercise price of options outstanding at the end of the year was US\$nil (2018: US\$nil). The weighted average remaining contractual life for the awards outstanding at the end of the year was approximately nil years (2018: nil years).

The expense recognised in the profit and loss account in respect of employee services received during the year for non-qualified share options and SARs to 30 June 2019 is £nil (2018: £31,729).

An adjustment in respect of elapsed non-qualified share options and SARs was recognised in the year, resulting in a credit impact on profit or loss of £nil. This resulted in a total debit through profit or loss for the year relating to share based payments of £nil (2018: expense of £46,171).

On 31 October 2017, all employees were transferred to another company within the BD group at which point the share based payment reserve has been transferred to the profit and loss account.

18. Pension commitments

The Company operated a defined contribution personal pension scheme. The assets of that scheme are held separately from those of the Company in an independently administered fund. The pension charge represents contributions paid by the Company and amounts to £nil (2018: £205,278). At 30 June 2019 there was a pensioner creditor of £nil (2018: £nil).

19. Ultimate parent company and controlling party

The Company's immediate parent undertaking is CareFusion 303, Inc., which has a registered office address of 1209 Orange Street, Wilmington, DE 19801, United States of America.

The Company's ultimate parent undertaking and controlling party is Becton, Dickinson and Company, which has a registered office address of 1 Becton Drive, Franklin Lakes, NJ, USA D7417, United States of America. The ultimate parent undertaking heads up the largest and smallest group in which the Company's financial statements are consolidated. Copies of the ultimate parent's financial statements are available to the public from the ultimate parent company's registered office address.