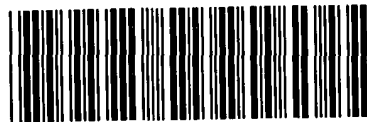


SMITHS BUSINESS INFORMATION SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

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SMITHS BUSINESS INFORMATION SERVICES LIMITED

COMPANY INFORMATION

Directors Vanya Hughes
David Singleton
Andrew Blyth (appointed 1 October 2021)

Company secretary Vanya Hughes

Registered number 03254222

Registered office Buckingham House
361-366 Buckingham Avenue
Slough
Berkshire
SL1 4LU

Independent auditor KPMG LLP
15 Canada Square, Canary Wharf
London
E14 5GL

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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SMITHS BUSINESS INFORMATION SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2021

Introduction

The directors present their Strategic Report on Smiths Business Information Services Limited for the year ended 31 July 2021.

Business review

The Company's principal activity is the provision of IT and HR services to Smiths Group Plc. The Company is a wholly owned subsidiary of Smiths Group Plc.

Turnover for the year was £44,271,000 (2020: £49,550,000). The turnover for the company is generated by way of recharging HR and IT costs incurred to fellow group entities within Smiths Group Plc.

The results for the year show a profit for the financial year of £1,368,000 (2020: loss £1,025,000). Costs for the year included one-off costs of £323,000 (2020: £959,000) in connection with the demerger of the Smiths Medical business from Smiths Group Plc. Smiths Medical had previously provided accounting and other services for the Company, however following the disposal of the Medical business from the Smiths Group, these services are now provided by John Crane UK Limited.

Principal risks and uncertainties

The directors of Smiths Group plc 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 Smiths Group International Holdings Limited. See the Smiths Group plc Annual Report and Accounts pages 70 to 79 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.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2021

Directors' statement of compliance with duty to promote the success of the Company

The directors of the Company have acted, in a way which they considered in good faith, to be most likely to promote the success of the Company for the benefit of its members. As part of the Company's deliberations and decision-making process, the Board takes into the account the likely consequences of any decision in the long term, and the desirability of the company maintaining a reputation for high standards of business conduct.

The Company is part of the Smiths Group and is ultimately owned by Smiths Group plc, which is responsible for setting the overall strategy of the Group maintaining oversight of the Group's activities. Decisions and policies affecting the Group's shareholders, customers, employees and wider workforce, suppliers, local communities and governments, lenders and the environment are made at Group level, with directors of each company in the Group ensuring that they apply those policies as relevant, meeting their duties to the individual companies and their respective stakeholders.

The Board of Directors of the Company considers the Company's main stakeholder groups to be its lenders, the Group subsidiaries to whom it provides services, and, on whose behalf, it makes investment decisions and its shareholder. Stakeholder interests are key to the long-term sustainable success of the Company and the Board has an overview of engagement with stakeholders to identify the impact of its decision on its stakeholders, especially about strategy, investments and finance. The Board seeks to understand the relative interests and priorities of each group and to have regard to these, as appropriate, in its decision-making. The Board acknowledge however, that not every decision it makes will necessarily result in a positive outcome for all stakeholders.

The purpose of the Company is to act as a service company to the members of the Smiths Group of companies. Due to the nature of the Company, no decisions were made by Directors during the reporting period which required to have regard to the matters set out in section 172 of the Companies Act 2006.

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


AR Blyth (Apr 27, 2022 12:17 GMT+1)

Andrew Blyth
Director

Date: 27 April 2022

SMITHS BUSINESS INFORMATION SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2021

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

Principal activity

The Company's principal activity is the provision of IT and HR services to Smiths Group plc.

Results and dividends

The profit for the year, after taxation, amounted to £1,368,000 (2020: loss £1,025,000).

No dividends were paid or declared in either the current or prior year.

Directors

The Directors who served during the year and up to the date of signing this report were:

Vanya Hughes
Martin Fox (resigned 1 October 2021)
David Singleton
Andrew Blyth (appointed 1 October 2021)

Political contributions

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

Future developments

It is not envisaged that the Company will initiate any plans to alter its principal activity and will maintain its current level of performance in the forthcoming financial year.


Disclosure of information to auditor

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

Auditor

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

This report was approved by the board on 27 April 2022 and signed on its behalf.


AR Blyth (Apr 27, 2022 12:17 GMT+1)

Andrew Blyth
Director

SMITHS BUSINESS INFORMATION SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 JULY 2021

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITHS BUSINESS INFORMATION SERVICES LIMITED

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st July 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITHS BUSINESS INFORMATION SERVICES LIMITED

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is made up of non-complex transactions with other group entities and is routine in nature. We did not identify any additional fraud risks.

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

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

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

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

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

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

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

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

Strategic report and directors' report

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMITHS BUSINESS INFORMATION SERVICES LIMITED

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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

R. Dodds

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

15 Canada Square, Canary Wharf
London
E14 5GL
27 April 2022

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

	Note	2021 £000	2020 £000
Turnover	4	44,271	49,550
Cost of sales		(42,370)	(49,526)
Gross profit		1,901	24
Administrative expenses		(517)	(1,031)
Operating profit/(loss)	5	1,384	(1,007)
Interest receivable and similar income	9	9	51
Interest payable and similar expenses	10	(25)	(69)
Profit/(loss) before tax		1,368	(1,025)
Tax on profit/(loss)	11	-	-
Profit/(loss) for the financial year		1,368	(1,025)

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

The notes on pages 11 to 29 form part of these financial statements.

SMITHS BUSINESS INFORMATION SERVICES LIMITED
REGISTERED NUMBER:03254222

BALANCE SHEET
AS AT 31 JULY 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Intangible assets	12		3,674		2,992
Tangible assets	13		675		1,282
Investments	14		1		1
			<u>4,350</u>		<u>4,275</u>
Current assets					
Debtors	15	15,529		11,503	
Cash at bank and in hand	16	-		189	
		<u>15,529</u>		<u>11,692</u>	
Creditors: amounts falling due within one year	17	(8,590)		(6,143)	
Net current assets			<u>6,939</u>		<u>5,549</u>
Total assets less current liabilities			<u>11,289</u>		<u>9,824</u>
Creditors: amounts falling due after more than one year	18		(315)		(800)
			<u>10,974</u>		<u>9,024</u>
Other provisions	20		(500)		(140)
Net assets			<u><u>10,474</u></u>		<u><u>8,884</u></u>
Capital and reserves					
Called up share capital	22		3,011		3,011
Share premium account			14,990		14,990
Other reserves			1,420		1,198
Profit and loss account			(8,947)		(10,315)
			<u><u>10,474</u></u>		<u><u>8,884</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2022.

Andrew Blyth
Director

AR Blyth
AR Blyth (Apr 27, 2022 12:17 GMT+1)

The notes on pages 11. to 29 form part of these financial statements.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 August 2019	3,011	14,990	1,026	(9,290)	9,737
Comprehensive income for the year					
Loss for the year	-	-	-	(1,025)	(1,025)
Total comprehensive income for the year	-	-	-	(1,025)	(1,025)
Capital contribution	-	-	172	-	172
Total transactions with owners	-	-	172	-	172
At 1 August 2020	3,011	14,990	1,198	(10,315)	8,884
Comprehensive income for the year					
Profit for the year	-	-	-	1,368	1,368
Total comprehensive income for the year	-	-	-	1,368	1,368
Capital contribution	-	-	222	-	222
Total transactions with owners	-	-	222	-	222
At 31 July 2021	3,011	14,990	1,420	(8,947)	10,474

The notes on pages 11 to 29 form part of these financial statements.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

1. General information

The Company's principal activity is the provision of IT and HR services to Smiths Group plc. Smiths Business Information Services Limited is a private company limited by shares and registered, incorporated and domiciled in England, UK. The registered office address is Buckingham House, 361-366 Buckingham Avenue, Slough, Berkshire, SL1 4LU.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

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

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

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

2. Accounting policies (continued)

2.3 Going concern

These financial statements have been prepared on a going concern basis which is considered appropriate due to the Company having net current assets, net assets and also in the expectation of being profitable year on year from going forward. In order to reach this conclusion the Directors have considered the business model of the Company, which is that costs incurred are recharged out to fellow group companies within Smiths Group Plc on a monthly basis, in line with standard trading payment terms of the group. Due to this business model the Company has limited risk to a downturn in the trading performance of the related entities, as all costs are recharged and the Directors have confidence in the ongoing performance of the related entities. The Company has £5.7m of net current assets, including intercompany receivables due on demand from other Smiths entities, which are in a position to repay the loan on demand if required. This is considered sufficient to cover any further non rechargeable costs incurred resulting in a downturn in income. Therefore the directors consider that there is no reasonably possible downside scenario under which the Company's liabilities could exceed funds readily available to it. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

2. Accounting policies (continued)

2.5 Turnover

Turnover represents the income generated from the provision of services to other Smiths group companies and is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, turnover is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

2. Accounting policies (continued)

2.6 Leasing

The Company leases various assets, comprising land and buildings and equipment.

The determination whether an arrangement is, or contains, a lease is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The following sets out the Company's lease accounting policy for all leases with the exception of leases with low value and term of 12 months or less, for which the exemption in the standard has been taken. Payments relating to low value and short term leases are expensed to the income statement.

At the inception of the lease, the Company recognises a right-of-use asset and a lease liability. A lease liability is recognised in the balance sheet at the present value of minimum lease payments determined at the inception of the lease. A right-of-use asset of equivalent value is also recognised.

Right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life or the lease term. Right-of-use assets are measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date, less any lease incentives received at or before the adoption date. Right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be fully recoverable.

Lease liabilities are measured at amortised cost using the effective interest rate method. Lease payments are apportioned between a finance charge and a reduction of the lease liability based on the constant interest rate applied to the remaining balance of the liability. Interest expense is included within the "interest expense and similar charges" line item in the Statement of Comprehensive Income.

The lease payments comprise fixed payments, and include lease incentives and any penalty payments for terminating the lease, if the lease term reflects the lessee exercising that option. Lease liability is adjusted for any prepayment.

The lease term determined comprises the non-cancellable period of the lease contract. Periods covered by an option to extend the lease are included if the Company has reasonable certainty that the option will be exercised and periods covered by the option to terminate are included if it is reasonably certain that this will not be exercised.

The lease liability is subsequently remeasured (with a corresponding adjustment to the related right-of-use-asset) when there is a change in future lease payments due to a renegotiation or market rent review, a change of an index or rate or a reassessment of the lease term.

2.7 Interest income

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

2.8 Finance costs

Finance costs are charged to profit or loss 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.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.11 Intangible assets

Intangible assets represent purchased computer software and are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range as follows:

Computer software	-	5	years
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SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Right-of-use assets	- Life of the lease
Fixtures and fittings	- 10% to 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 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.

The Company always recognises lifetime Expected Credit Loss ("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.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

2. Accounting policies (continued)

2.16 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 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 other than those which meet the criteria to be measured at amortised cost 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.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

2. Accounting policies (continued)

2.18 Financial instruments (continued)

Financial liabilities

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

The preparation of the accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. The key estimates and assumptions used in these financial statements are set out below:

- The Company is a sponsoring employer for a UK defined benefit pension scheme. After consideration of the terms of the pension scheme trust, the obligations of the Company, the obligations of the principal employer of the scheme and the behaviour of the pension scheme trustees and the principal employer of the scheme; the Company has determined that it is appropriate under IAS 19: Employee benefits to account for its participation in this scheme as if it was a defined contribution scheme. The principal employer agrees with the Company's analysis of the Company's obligations, and has recognised the accounting surplus for the whole scheme in its Company accounts.
- The Company has on occasion been required to obtain legal opinion to defend itself against proceedings brought by other parties, including product liability and insurance subrogation claims. Provision is made for any expected costs and liabilities in relation to these proceedings where appropriate, though there can be no guarantee that such provisions (which may be subject to potentially material revision from time to time) will accurately predict the actual costs and liabilities that may be incurred. All provisions may be subject to potentially material revisions from time to time if new information becomes available as a result of future events.

4. Turnover

The whole of the turnover is attributable to the provision of IT and HR services to Smiths Group plc.

All turnover arose within the United Kingdom.

Contract assets represent rechargeable expenses awaiting being invoiced to the customer. Balances are usually invoiced within one month of the balance sheet date.

The amount of revenue recognised in 2021 from performance obligations satisfied (or partially satisfied) in previous periods is £NIL.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2021	2020
	£000	£000
Depreciation of tangible fixed assets	412	569
Amortisation of intangible assets, including goodwill	866	936
Exchange differences	(28)	(116)
Share based payments	222	172
Defined contribution pension cost	699	388
	<u> </u>	<u> </u>

6. Auditor's remuneration

	2021	2020
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	24	24
	<u> </u>	<u> </u>

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2021	2020
	£000	£000
Wages and salaries	5,551	6,457
Social security costs	757	704
Cost of defined contribution scheme	699	388
	<u> </u>	<u> </u>
	<u>7,007</u>	<u>7,549</u>

£1,128k (2020: £1,500k) of staff costs incurred were passed through to other group entities within the period and are therefore not presented within administrative expenses within the income statement.

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

	2021	2020
	No.	No.
UK	81	84
	<u> </u>	<u> </u>

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

8. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	519	625
Company contributions to defined contribution pension schemes	16	5
	<u>535</u>	<u>630</u>

During the year retirement benefits were accruing to 1 Director (2020: 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £285,000 (2020: £360,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £16,000 (2020: £5,000).

The highest paid director exercised shares in both the current and prior years.

The remuneration of one Director was borne by another group company in both the current and prior years.

9. Interest receivable and similar income

	2021 £000	2020 £000
Interest receivable from group companies	9	51
	<u>9</u>	<u>51</u>

10. Interest payable and similar expenses

	2021 £000	2020 £000
Bank interest payable	5	26
Other loan interest payable	-	5
Finance leases and hire purchase contracts	20	38
	<u>25</u>	<u>69</u>

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

11. Taxation

The Company has not recognised a tax charge in either the current or prior year.

Factors affecting tax charge for the year

The tax assessed for the financial year is lower than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £000	2020 £000
Profit/(loss) on ordinary activities before tax	1,368	(1,025)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	260	(195)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	215
Capital allowances for year in excess of depreciation	181	208
Non-taxable income	(182)	(81)
Changes in provisions leading to an increase (decrease) in the tax charge	(27)	-
Group relief	(232)	(147)
Total tax charge for the year	-	-

At 31 July 2021 the Company had unrecognised deferred tax assets of £6,700,000 (2020: £6,024,884) relating to capital allowances, and £nil (2020: £27,550) relating to other timing differences, calculated at 25% (2020: 19%).

The value of these assets is reviewed regularly and is dependent on the ability to recover them against forecast UK taxable profits of the tax group.

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 have been accrued in the current or prior year, and no payments or receipts will be recognised in future years if other group companies have losses available to surrender.

In June 2021, the UK Government enacted an increase in the future UK rate of corporation tax, from 19% to 25%, applying from 1 April 2023. This future rate has been used in considering the value of unrecognised deferred tax asset, as at 31 July 2021. If the Company were to pay UK tax in the future, the payments would be larger.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

12. Intangible assets

	Computer software £000
Cost	
At 1 August 2020	28,221
Additions - external	1,548
At 31 July 2021	<u>29,769</u>
Amortisation	
At 1 August 2020	25,229
Charge for the year on owned assets	866
At 31 July 2021	<u>26,095</u>
Net book value	
At 31 July 2021	<u><u>3,674</u></u>
At 31 July 2020	<u><u>2,992</u></u>

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

13. Tangible assets

	Right of Use Assets £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 1 August 2020	1,433	3,940	5,373
Additions	346	15	361
Disposals	(546)	(19)	(565)
At 31 July 2021	<u>1,233</u>	<u>3,936</u>	<u>5,169</u>
Depreciation			
At 1 August 2020	412	3,679	4,091
Charge for the year on owned assets	-	89	89
Charge for the year on right-of-use assets	323	-	323
Disposals	-	(9)	(9)
At 31 July 2021	<u>735</u>	<u>3,759</u>	<u>4,494</u>
Net book value			
At 31 July 2021	<u>498</u>	<u>177</u>	<u>675</u>
At 31 July 2020	<u>1,021</u>	<u>261</u>	<u>1,282</u>

The net book value of owned and leased assets included as "Tangible assets" in the Balance Sheet is as follows:

	2021 £000	2020 £000
Tangible fixed assets owned	177	261
Right-of-use tangible fixed assets	498	1,021
	<u>675</u>	<u>1,282</u>

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

13. Tangible assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2021	2020
	£000	£000
Property	251	950
Office and computer equipment	247	71
	498	1,021

Depreciation charge for the year ended

	2021	2020
	£000	£000
Property	169	200
Office and computer equipment	154	212
	323	412

14. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 August 2020	1
At 31 July 2021	1

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Smiths Business Information Services Inc	1209 Orange Street, Wilmington, DE, 19801, United States	Ordinary	100%

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

15. Debtors

	2021	2020
	£000	£000
Trade debtors	10	-
Receivables from contracts with customers	1,520	487
Amounts owed by group undertakings	10,463	7,088
Other debtors	908	1,175
Prepayments	2,628	2,753
	<u>15,529</u>	<u>11,503</u>

Amounts owed by group undertakings are unsecured and payable on demand, and include a loan of £7,420,000 (2020: £5,620,000) bearing interest at 12 month GBP LIBOR plus 3.00%.

16. Cash at bank and in hand

	2021	2020
	£000	£000
Cash at bank and in hand	-	189
	<u>-</u>	<u>189</u>

17. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Bank overdrafts	5	-
Trade creditors	5,089	3,723
Amounts owed to group undertakings	667	376
Other taxation and social security	168	168
Lease liabilities	181	274
Other creditors	151	153
Accruals	2,329	1,449
	<u>8,590</u>	<u>6,143</u>

Amounts owed to group undertakings are unsecured and payable on demand, and are interest free.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

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

	2021 £000	2020 £000
Lease liabilities	315	800
	<u>315</u>	<u>800</u>

19. Financial instruments

	2021 £000	2020 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	15,529	7,277
	<u>15,529</u>	<u>7,277</u>
Financial liabilities		
Other financial liabilities measured at fair value through profit or loss	(5)	-
Financial liabilities measured at amortised cost	(8,900)	(6,376)
	<u>(8,905)</u>	<u>(6,376)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash and bank balances, trade and intercompany debtors, prepayments and accrued income.

Other financial liabilities measured at fair value through profit or loss comprise bank overdrafts.

Financial liabilities measured at amortised cost comprise trade and intercompany creditors, lease liabilities and accruals and deferred income.

20. Provisions

	Litigation £000	Property £000	Total £000
At 1 August 2020	-	140	140
Charged to profit or loss	500	(140)	360
At 31 July 2021	<u>500</u>	<u>-</u>	<u>500</u>

The Company has created a provision of £500,000 in respect of litigation to defend itself against certain contractual claims made against it that are unresolved at the balance sheet date. The provision is expected to be utilised or released within 1-2 years.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

21. Leases

Company as a lessee

The Company has entered into lease arrangements for the use of its premises and of IT hosting facilities.

Lease liabilities are due as follows:

	2021 £000	2020 £000
Not later than one year	181	274
Between one year and five years	315	800
	<u>496</u>	<u>1,074</u>

22. Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
301,100 (2020: 301,100) Ordinary shares of £10 each	<u>3,011</u>	<u>3,011</u>

23. Contingent liabilities

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

24. Pension commitments

The total expense recognised in profit and loss account in respect of defined contribution pensions was £699,000 (2020: £388,000).

Historically, staff of the Company participated in the Smiths Industries Pension Scheme, which is a defined benefit pension plan based in the UK. With effect from 1st January 2006, employees of group companies who are members of this scheme became employees of the ultimate parent Company, Smiths Group plc, and now perform their services under contract from that Company. The pension schemes were closed with effect from 31st October 2009. The assets of the Smiths Industries Pension Scheme are held in a separate trustee-administered fund and the pensions costs are assessed in accordance with the advice of independent, professionally-qualified actuaries. Further details of these pension plans, the actuarial assumptions used and the latest actuarial valuations can be found in the consolidated financial statements of Smiths Group plc for the year ended 31st July 2021.

The pension contribution made by the Company in respect of the defined benefit pension plan was £nil (2020: £nil). In 2022 the Company does not expect to make any payments in respect of the defined benefit pension plan.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

25. Share-based compensation

Company employees participate in share schemes and plans that the ultimate parent company, Smiths Group plc operates for the benefit of employees. All entitlements under the schemes relate to the shares of Smiths Group plc. The Company recognises a charge for the benefit of the employee services realised, and a capital contribution from the Group because the Group does not charge the Company for the costs of these options. The nature of the schemes and plans is set out below:

Smiths Group share option schemes

Long Term Incentive Plan (LTIP)

The LTIP is a share plan under which an award over a capped number of shares will vest after the end of the three year performance period if performance conditions are met. LTIP awards are made to selected senior executives, and have performance conditions relating to underlying revenue growth, growth in headline EPS, ROCE, cash conversion, and free cash-flow.

Smiths Group Sharesave Scheme (SAYE)

The SAYE scheme is an HM Revenue & Customs approved all employee savings related share option scheme which is open to all UK employees. Participants enter into a contract to save a fixed amount per month of up to £500 in aggregate for three or five years and are granted an option over shares at a fixed option price, set at a discount to market price at the date of invitation to participate. The number of shares is determined by the monthly amount saved and the bonus paid on maturity of the savings contract. Options granted under the SAYE scheme are not subject to any performance conditions.

Smiths Excellence Plan (SEP)

The last SEP grant was issued in October 2019 and vested on 31 July 2021, no further SEP awards have been made. Awards vested after two years, depending on performance on the operational objectives during the first year and continued employment with the Group. There was no re-testing of performance. However, the Remuneration Committee had discretion to adjust vesting rates if material misstatements in reported performance were subsequently identified and awards were subject to clawback provisions in the event of misconduct.

Range of exercise prices and remaining contractual life

Options outstanding under LTIP schemes at 31 July 2021 have an exercise price of £0.00 (2020: £0.00), with a weighted average remaining contractual life of 1.3 years (2020: 1.3 years).

Options outstanding under SEP schemes at 31 July 2021 have an exercise price of £0.00 (2020: £0.00), with a weighted average remaining contractual life of 0.0 years (2020: 0.9 year).

Options outstanding under SAYE schemes at 31 July 2021 had exercise prices between £9.14 and £13.00 (2020: £9.00 and £13.00), with a weighted average contractual life of 2.3 years (2020: 2.7 years).

Options were exercised on an irregular basis during the period. The average closing share price over the financial year was 1,508.63p (2020: 1,490.92p).

Cost of share-based payment arrangements

Included within administrative expenses is a charge of £222,000 (2020: £172,000) relating to share-based payments.

SMITHS BUSINESS INFORMATION SERVICES LIMITED

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

26. Controlling party

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

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, 4th Floor, 11-12 St James's Square, London, SW1Y 4LB.