

Company Registration No. 10428326 (England and Wales)

SMITH & NEPHEW USD ONE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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SMITH & NEPHEW USD ONE LIMITED

COMPANY INFORMATION

Directors	S.M. Swabey	(Resigned 4 April 2022)
	T.J. Allison	(Resigned 26 March 2021)
	J.S. Braunhofer	(Appointed 26 March 2021)
	R.S. Gataora	(Appointed 4 April 2022)

Company number	10428326
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Registered office	Building 5 Croxley Park Hatters Lane Watford Hertfordshire WD18 8YE
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SMITH & NEPHEW USD ONE LIMITED

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SMITH & NEPHEW USD ONE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors of Smith & Nephew USD One Limited ("The Company") present the Directors' report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is that of acting as an investment holding company.

Results and dividends

The results for the year are set out on page 3.

The Company made a loss of \$2,234,000 (2020: loss of \$2,259,000) during the year. The Directors did not pay an interim dividend for the year ended 31 December 2021 (2020: \$nil).

Directors

The Directors, who served throughout the year except as noted, were as follows:

S.M. Swabey	(Resigned 4 April 2022)
T.J. Allison	(Resigned 26 March 2021)
J.S. Braunhofer	(Appointed 26 March 2021)
R.S. Gataora	(Appointed 4 April 2022)

Indemnity

The Company's ultimate parent company, Smith & Nephew plc, has made qualifying third party indemnity provision for the benefit of the Company's Directors which were in place throughout the year and which remain in place at the date of approval of this report.

Political donations

No political contributions were made during the year (2020: \$nil).

Future developments

Notwithstanding the risks and uncertainties, the Directors do not anticipate any significant change in the activities and results of the Company in the foreseeable future.

Principal Risk

The principal risk facing the Company is a decrease in the recoverable value of its investments, which would occur if there was a decline in the performance of the underlying subsidiary.

Going concern statement

Notwithstanding net current liabilities of \$2,694,000 as at 31 December 2021 and the current economic uncertainties arising from the COVID outbreak, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reason.

Smith & Nephew plc has indicated its intention to continue to make available funds as needed by the Company for a period of twelve months from the date of approval of the financial statements. 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 twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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.

SMITH & NEPHEW USD ONE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the Board

.....

R.S. Gataora

Director

Building 5, Croxley Park

Watford

Hertfordshire

WD18 8YE

Date 29 September 2022

Company Registration No. 10428326

SMITH & NEPHEW USD ONE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

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

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

SMITH & NEPHEW USD ONE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 \$'000	2020 \$'000
Administrative expenses		(3)	(3)
Operating loss		<u>(3)</u>	<u>(3)</u>
Loss before taxation		(3)	(3)
Taxation on loss	2	(2,231)	(2,256)
Loss for the year	7	<u>(2,234)</u>	<u>(2,259)</u>

The accompanying notes on pages 8 to 13 form part of the financial statements.

SMITH & NEPHEW USD ONE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 \$'000	2020 \$'000
Loss for the year	(2,234)	(2,259)
Other comprehensive income	-	-
Total comprehensive loss for the year	<u>(2,234)</u>	<u>(2,259)</u>

The accompanying notes on pages 8 to 13 form part of the financial statements.

SMITH & NEPHEW USD ONE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 \$'000	2020 \$'000
Fixed assets			
Investments	3	102	102
		<u> </u>	<u> </u>
Current assets			
Debtors	4	28	30
		<u> </u>	<u> </u>
Creditors: amounts falling due within one year			
Trade and other payables	5	(2,722)	(461)
Current tax liabilities		-	(29)
		<u> </u>	<u> </u>
Net current liabilities		(2,694)	(460)
		<u> </u>	<u> </u>
Total assets less current liabilities		(2,592)	(358)
		<u> </u>	<u> </u>
Net (liabilities)/assets		(2,592)	(358)
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	6	102	102
Profit and loss account	7	(2,694)	(460)
		<u> </u>	<u> </u>
Total equity		(2,592)	(358)
		<u> </u>	<u> </u>

For the year ending 31 December 2021, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

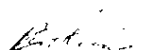
The Members have not required the Company to obtain an audit of its financial statements for the period in question in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2022

Signed on its behalf by:

R.S. Gataora
Director



Company Registration No. 10428326

The accompanying notes on pages 8 to 13 form part of the financial statements.

SMITH & NEPHEW USD ONE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 January 2020	102	1,799	1,901
Total comprehensive loss for the year	-	(2,259)	(2,259)
Balance at 31 December 2020	102	(460)	(358)
Total comprehensive loss for the year	-	(2,234)	(2,234)
Balance at 31 December 2021	102	(2,694)	(2,592)

The accompanying notes on pages 8 to 13 form part of the financial statements.

SMITH & NEPHEW USD ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Smith & Nephew USD One Limited is a private company limited by shares. The Company is incorporated, domiciled and registered in England and Wales. The registered number is 10428326 and the registered address is Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in US Dollar, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to nearest thousand, except when otherwise indicated.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

In preparing these financial statements the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- 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;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 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; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Where required, equivalent disclosures are given in the Group accounts of Smith & Nephew plc. The Group accounts of Smith & Nephew plc are available to the public at its registered office at Building 5, Croxley Park, Hatters Lane, Watford, Hertfordshire, WD18 8YE and can also be obtained online via www.smith-nephew.com.

1.2 Going concern

The Directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Investments in subsidiaries

Investments in subsidiaries are recorded at their cost less any accumulated impairment in value.

SMITH & NEPHEW USD ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Impairment of investments

At each reporting end date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the Company from the adoption of IFRS 13.

1.6 Financial assets

Financial assets are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss (FVTPL), which are measured at fair value.

Impairment of financial assets

Financial assets carried at amortised cost less any allowances for uncollected amounts.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

SMITH & NEPHEW USD ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.7 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

1.8 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

1.9 Taxation

The tax expense for the year comprises current tax.

Current tax

The current income tax expense is based on taxable profits of the period. It is calculated using taxation rates enacted or substantively enacted by the Balance Sheet date and is measured at the amount expected to be recovered or paid.

1.10 Judgements 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 reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

Impairment of non-financial assets

Where there are indicators of impairment of investments in subsidiaries which indicate that the carrying value may not be recoverable, the Company performs impairment tests on these investments based on the fair value by comparing the carrying value with its recoverable amount being the higher of its fair value less costs to sell and its value in use.

SMITH & NEPHEW USD ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Income tax expense

	2021 \$'000	2020 \$'000
Current tax		
Current year taxation	2,198	2,224
Adjustments in respect of prior periods	33	32
	<u>2,231</u>	<u>2,256</u>

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2021 \$'000	2020 \$'000
Loss before taxation	(3)	(3)
Expected tax credit based on a corporation tax rate of 19% (2020: 19%)	(1)	(1)
Deemed income for tax purposes	2,198	2,224
Losses not recognised	1	1
Adjustments in respect of prior years	33	32
Tax charge for the year	<u>2,231</u>	<u>2,256</u>

SMITH & NEPHEW USD ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

3 Investments

	2021 \$'000	2020 \$'000
Investments in subsidiaries	102	102
	<u>102</u>	<u>102</u>

Movements in fixed asset investments

	Shares in subsidiaries \$'000
Cost or valuation	
At 1 January 2021 & 31 December 2021	102
	<u>102</u>
Carrying amount	
At 31 December 2021	102
	<u>102</u>
At 31 December 2020	102
	<u>102</u>

4 Debtors

	2021 \$'000	2020 \$'000
Trade debtors	1	-
Amounts due from fellow group undertakings	27	30
	<u>28</u>	<u>30</u>

Allowance losses on amounts owed by fellow group undertakings are calculated by reviewing 12-month expected credit losses using historic and forward-looking data on credit risk. The loss allowance expense for the year was \$nil (2020: \$nil).

5 Trade and other payables

	2021 \$'000	2020 \$'000
Amount due to parent undertaking	2,209	-
Amounts due to fellow group undertakings	513	461
	<u>2,722</u>	<u>461</u>

SMITH & NEPHEW USD ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Share capital	2021	2020
	\$'000	\$'000
Ordinary share capital		
Issued and fully paid		
102,100 ordinary shares of \$1 each	102	102
	<u> </u>	<u> </u>
7 Retained earnings		
		\$'000
At 1 January 2020		1,799
Loss for the year		(2,259)
		<u> </u>
At 31 December 2020		(460)
Loss for the year		(2,234)
		<u> </u>
At 31 December 2021		(2,694)
		<u> </u>

8 Subsidiaries

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries is given below.

Company name	Registered office address	Ownership interest (%)
Smith & Nephew AG	Theilerstrasse 1A, 6300, Zug, Switzerland	100

9 Ultimate Parent Company and Parent Company of a larger Group

The Company is a subsidiary undertaking of Smith & Nephew USD Limited which is the immediate parent Company incorporated in England and Wales. The ultimate parent undertaking of the Company is Smith & Nephew plc. The smallest and largest group in which the results of the Company are consolidated is that headed by Smith & Nephew plc. The consolidated financial statements of Smith & Nephew plc are available from Building 5, Hatters Lane, Watford, Hertfordshire, WD18 8YE, or online via www.smith-nephew.com.