

## **Becton Dickinson Infusion Therapy UK**

Annual Report and Financial Statements

Year Ended

30 September 2020

Company Number 00536128



## Becton Dickinson Infusion Therapy UK

### Company Information

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<b>Directors</b>	M Fairbourn E Hopkin S Venkataraman
<b>Registered number</b>	00536128
<b>Registered office</b>	1030 Eskdale Road Winnersh Triangle Wokingham Berkshire RG41 5TS
<b>Independent auditor</b>	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX
<b>Bankers</b>	BNP Paribas 10 Harewood Avenue London NW1 6AA
<b>Solicitors</b>	Simmons & Simmons LLP CityPoint One Ropemaker Street London EC2Y 9SS

## **Becton Dickinson Infusion Therapy UK**

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# Becton Dickinson Infusion Therapy UK

## Strategic Report For the Year Ended 30 September 2020

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The directors present their Strategic Report together with the audited financial statements of Becton Dickinson Infusion Therapy UK ("the Company") for the year ended 30 September 2020.

### Principal activities

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. The Company 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 anaesthesiology care; enhancing the diagnosis of infectious diseases and cancers; advancing cellular research and applications; and supporting the management of diabetes.

### Business segments

BD's operations consist of three worldwide business segments: BD Medical, BD Life Sciences and BD Interventional.

#### BD Medical

BD Medical produces a broad array of medical technologies and devices that are used to help improve healthcare delivery in a wide range of settings. The primary customers served by BD Medical are hospitals and clinics; physicians' office practices; consumers and retail pharmacies; governmental and non-profit public health agencies; pharmaceutical companies; and healthcare workers. BD Medical consists of the following business units:

<i>Diabetes Care</i>	Syringes, pen needles and intravenous ("IV") sets for the injection of infusion of insulin and other drugs used in the treatment of diabetes.
<i>Medication and Procedural Solutions</i>	Needles, syringes and IV catheters for medication delivery (including safety-engineered and auto-disable devices); pre-filled IV flush syringes; regional anaesthesia needles and trays; sharps disposal containers; closed system transfer devices; skin antiseptic products; and surgical and laparoscopic instrumentation.
<i>Medical Management Solutions</i>	IV medication safety and infusion therapy delivery systems, including infusion pumps and dedicated disposables; medication compounding workflow systems; and automated medication dispensing and supply management systems.
<i>Pharmaceutical Systems</i>	Pre-fillable drug delivery systems provided to pharmaceutical companies and sold to end-users as drug/device combinations.

## Becton Dickinson Infusion Therapy UK

### Strategic Report (continued) For the Year Ended 30 September 2020

#### BD Life Sciences

BD Life Sciences provides products for the safe collection and transport of diagnostics specimens, and instruments and reagent systems to detect a broad range of infectious diseases, healthcare-associated infections ("HAIs") and cancers. In addition, BD Life Sciences produces research and clinical tools that facilitate the study of cells, and the components of cells, to gain a better understanding of normal and disease processes. That information is used to aid the discovery and development of new drugs and vaccines, and to improve the diagnosis and management of diseases. The primary customers served by BD Life Sciences are hospitals, laboratories and clinics; blood banks; healthcare workers; public health agencies; physicians' office practices; academic and government institutions; and pharmaceutical and biotechnology companies. BD Life Sciences consists of the following business units:

<i>Pre-analytical Systems</i>	Integrated systems for specimen collection; safety-engineered blood collection products and systems.
<i>Diagnostic Systems</i>	Automated blood culturing and tuberculosis culturing systems; molecular testing systems for infectious diseases and women's health; microorganism identification and drug susceptibility systems; liquid based cytology systems for cervical cancer screening; rapid diagnostic assays; microbiology laboratory automation; and plated media.
<i>Biosciences</i>	Fluorescence-activated cell sorters and analysers; monoclonal antibodies and kits for performing cell analysis; reagent systems for life science research; molecular indexing and next-generation sequencing sample preparation for genomics research; clinical oncology, immunological (HIV) and transplantation diagnostic/monitoring reagents and analysers; and cell culture media supplements for biopharmaceutical manufacturing.

#### BD Interventional

BD Interventional provides vascular, urology, oncology and surgical speciality products that are intended, with the exception of the V.Muller™ surgical and laparoscopic instrumentation products, to be used once and then discarded or are either temporarily or permanently implanted. The primary customers serviced by BD Interventional are hospitals, individual healthcare professionals, extended care facilities, alternate site facilities, and patients via our Homecare business. BD Interventional consists of the following organizational units:

<u>Organisational Unit</u>	<u>Principal Product Lines</u>
Surgery	Hernia and soft tissue repair, biological grafts, bioresorbable grafts, biosurgery, and other surgical products; BD ChlorPrep™ surgical infection prevention products; and V.Mueller™ surgical and laparoscopic instrumentation products.
Peripheral Intervention	Percutaneous transluminal angioplasty ("PTA") balloon catheters, peripheral vascular grafts, self-expanding and balloon-expandable stent grafts, Vascular grafts, drug coated balloons, ports, biopsy, chronic dialysis, feeding, inferior vena catheter filters, endovascular fistula creation devices and drainage products, and atherectomy and thrombectomy system.
Urology and Critical Care	Urine management devices, urological drainage products, intermittent catheters, kidney stone management devices, Targeted Temperature Management and fecal management devices.

The Company has a manufacturing site in Swindon, producing products for the BD Medical segment, which are distributed in the UK, Europe and outside Europe. The site produces plastics products (components, finished products) for the Group.

## Becton Dickinson Infusion Therapy UK

### Strategic Report (continued) For the Year Ended 30 September 2020

#### Review of the business and results for the year

BD's management operates the business consistent with the following core strategies:

- To increase revenue growth by focusing on our core products, services and solutions that deliver greater benefits to patients, healthcare workers and researchers;
- To improve operating effectiveness and Balance Sheet productivity; and
- To drive an efficient capital structure and strong shareholder returns.

The Company's strategy focuses on four specific areas within healthcare and life sciences:

- Enabling safer, simpler and more effective parental drug delivery;
- Improving clinical outcomes through new, more accurate and faster diagnostics;
- Providing tools and technologies to the research community that facilitate the understanding of the cell, cellular diagnostics and cell therapy; and
- Enhancing disease management in diabetes, women's health and cancer, and infection control.

In assessing the outcomes of these strategies as well as BD's financial condition and operating performance, management generally reviews quarterly forecast data, monthly actual results, segment sales and other similar information. Management also considers trends related to certain key financial data, including gross profit margin, selling and administrative expenses and cash flows.

The Company's key financial performance indicators during the year were as follows:

	2020	2019	Change
	£000	£000	%
Turnover	67,883	66,173	3
Operating profit	5,636	8,016	(42)
Profit for the financial year	2,932	7,331	(150)
Average number of employees	471	462	2

## **Becton Dickinson Infusion Therapy UK**

### **Strategic Report (continued) For the Year Ended 30 September 2020**

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Sales volume in 2020 showed overall growth of 3% (2019: 17%). The Sterifill, PRTC, Vystra and Preventis lines continued to grow, up 82%, 9%, 8% and 7% respectively. Sterifill sales growth in 2020 was largely driven by 50ml product offering, due to a customer building up stock for a new drug launch. Other product offering sizes increased with the new Advance product.

PRTC is experiencing an increase in demand worldwide. The product is supplied to other BDPS sites to assemble onto glass syringes. New capacity has been installed in Swindon in Q4 2020 and this product is expected to continue to grow in 2021.

Vystra volume decreased in 2020 but the price increased to reflect the increased cost of short run variants made on the Swindon line. The high run products are made on the Vystra industrial line in BD Hungary which makes the product on high volume customers and can make 20 million units a year. Swindon concentrates on customers with lower demand involving changes to the line between variations, which is disruptive to the high volume line.

Preventis product is experiencing additional demand with new customers worldwide. New capacity has been put in place and is being fully utilised. Volume is expected to continue to grow and additional capacity is being installed in 2021. Offsetting this was a reduction in Physioject demand of 7% which is expected to be a one year reduction to reduce stock levels.

A new product Intevia started production in 2020 with low volumes but is expected to grow in future years. Volume changes on the Swindon plant are as a result of the changes in requirements by the Company's principal related party customer.

The average number of employees in 2020 increased 2% due to product growth. The Company in its role as group manufacturer invested £20 million (2019: £16.1 million) in additional fixed assets for capacity expansion and new products. The strategy of the Company remains unchanged.

#### **Principal risks and uncertainties**

##### *Company Economic risk*

#### **COVID-19**

In December 2019 a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. On 11 March 2020 the World Health Organisation ("WHO") declared COVID-19 a pandemic.

During the year ended 30 September 2020, the spread of the COVID-19 outbreak caused severe disruption in the United Kingdom and global economy markets and financial markets and created widespread business continuity issues. Many countries, including the United Kingdom, reacted by instituting quarantines, mandating business and school closures and restricting travel. Many experts predict that the outbreak will trigger a period of global economic slowdown or a global recession.

Based on information provided by the Government, the HSE, the WHO and available publicly, the directors continue to take measures to reduce any potential impact on the Company's operations up to the date of signing of the financial statements. These include, adjusting capacity to current demand environment and negotiating new payment terms with partners to preserve cash. Measures have also been taken to ensure operations adhere to current HSE guidelines.

Our top priority remains the health and safety of our staff and clients.

#### **Brexit**

The directors have considered the impact of Brexit but consider that the effect of any increased customs duties and other import costs on the business will not be significant.

## **Becton Dickinson Infusion Therapy UK**

### **Strategic Report (continued) For the Year Ended 30 September 2020**

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#### **Principal risks and uncertainties (continued)**

##### *Credit risk*

The Company has customers in the private sectors. The Company has a comprehensive credit policy in place that includes credit risk validations, credit limits and regular follow up of amounts due to the Company.

##### *Currency risk*

The Company has transactional currency exposures which arise from sales in Euro and purchases in currencies other than its functional currency (GBP). Potential exposures to foreign currency exchange rate movements are monitored through monthly cash forecasting processes. These risks are managed by BD's treasury department at a group level

##### *Liquidity and cash flow risks*

The Company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the Company.

The Company manages cash flow risk by careful negotiation of terms with customers and suppliers and maintains available funds to enable them to meet their liabilities as they fall due.

##### *Competitive risk*

The Company has key competitors in the various business units BD management operate within the Group. BD's business leaders' focus is on retaining our current business and gaining new business.

##### *Legislative risk*

The Company operate in a regulated industry and products are subject to rigorous manufacturing standards.



## Becton Dickinson Infusion Therapy UK

### Strategic Report (continued) For the Year Ended 30 September 2020

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#### Statement by directors in accordance with s172(i) Companies Act 2006

In accordance with Section 172 of the Companies Act 2006, the directors of the Group and company have acted in a way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of its members as a whole. In doing so they have regard to the factors noted below:

- a) The likely consequences of any decision in the long term;
- b) The interests of the Company's employees;
- c) The need to foster the Company's business relationships with suppliers, customers and others;
- d) The impact of the Company's operations on the community and the environment;
- e) The desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) The need to act fairly as between members of the Company.

#### *Long-term decisions*

As an indirectly wholly-owned subsidiary of Becton, Dickinson and Company (BD), a leading global medical technology company, the directors are committed to the long-term success of the Company within the BD group. BD is one of the largest global medical technology companies in the world and is advancing the world of health by improving medical discovery, diagnostics and the delivery of care. BD develops innovative technology, services and solutions that help advance both clinical therapy for patients and clinical process for health care providers. BD helps customers enhance outcomes, lower costs, increase efficiencies, improve safety and expand access to health care.

In that context and consistent with BD's purpose of *Advancing the world of health*, all strategic decisions of the Company consider the interests of the company's key stakeholders including healthcare institutions, life-science researchers, clinical laboratories, the pharmaceutical industry, patients, shareholders, employees and the general public.

Inevitably, during the Year Ended 30 September 2020 a considerable amount of the Company's focus has been on deploying its capabilities, expertise and scale to address critical health needs related to COVID-19 (Coronavirus). From advancing diagnostic capabilities, to supporting medication delivery and vaccination campaigns, the company – as one of the largest suppliers to the NHS – has helped and continues to help ensure access to the urgent medical equipment and support needed to manage COVID-19 patients. Since the beginning of the outbreak, the Company has also worked closely with the Department of Health, as well as Public Health England and other scientific bodies and organisations to support the current response, and help planning for future pandemic preparedness

## Becton Dickinson Infusion Therapy UK

### Strategic Report (continued) For the Year Ended 30 September 2020

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#### Statement by directors in accordance with s172(i) Companies Act 2006 (continued)

##### *Interests of the Company's employees*

The Company operates a framework for employee information and consultation, which complies with the requirements of the Information and Consultation of Employee Regulations 2004. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Company's profit and success sharing schemes and are encouraged to invest in the Group through participation in a share ownership programme. The Company places considerable emphasis on supporting and developing its employees and promoting a diverse and inclusive culture. When recruiting, the Company attaches particular importance to performance-oriented, honest, socially and professionally competent employees who are team players and enthusiastic, who have identified development potential, and whose values and outlook are compatible with the Company's purpose and values. The Company's success is decisively influenced by the skills and commitment of its employees. The Company therefore attaches great importance to education and training. The Company takes great care in the development and advancement of its employees, because the success of the Company is also largely determined by the skills and commitment of its employees. BD offer associates and their managers a number of tools to help in their personal and professional development, including career development plans, mentoring programs and in-house learning opportunities, including BD University, the Company's in-house continuing education program. The health and wellbeing of our employees has been paramount during the pandemic. In particular, we have actively worked with charities, local businesses and third-party providers to consciously remove the stigma of mental health for our employees. We have an active occupational health service, have pledged to remove these stigmas through work with MIND, have trained a significant number of mental health first aiders, and added three additional benefits in the year to provide access and resources for support, as well as developing our own internal programmes.

##### *Relationships with suppliers, customers and others*

The Company's employees work closely with their suppliers, customers, industry bodies and other stakeholders. The Company is attentive to the needs and objectives of the NHS and other healthcare institutions, life-science researchers, clinical laboratories, the pharmaceutical industry and other customers and stakeholders, in order to understand their goals and deliver medical technology solutions that improve medical discovery, diagnostics and the delivery of care, and help them enhance outcomes, lower costs, increase efficiencies, improve safety and expand access to healthcare.

##### *Community and Environment*

The Company views sustainability as a portfolio of complementary initiatives and actions that help us achieve our purpose of advancing the world of health. We see the modern social and environmental challenges our world faces as opportunities to make a difference while strengthening our company.

Our sustainability strategy has evolved to focus on our role in addressing the wide range of challenges facing our industry, our society and the planet. To further enable our progress, we remain focused on shared value creation, which is how we address unmet societal needs through business models and initiatives that also contribute to the commercial success of BD. Our ability to compete is also impacted by changing customer preferences and requirements, such as increased demand for more environmentally friendly products and for products incorporating digital capabilities, as well as changes in the ways health care services are delivered (including the transition of more care from acute to non-acute settings and increased focus on chronic disease management).

## Becton Dickinson Infusion Therapy UK

### Strategic Report (continued) For the Year Ended 30 September 2020

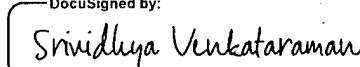
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#### Statement by directors in accordance with s172(i) Companies Act 2006 (continued)

##### *Business Conduct Act fairly between members*

Directors and management operate the business in a responsible manner by maintaining high standards of business conduct and considering all members of the Group equally and fairly. BD's Code of Conduct and the Company's values set the foundations for how we behave. Our value "We do what is right" is the cornerstone of the Code of Conduct. To do what is right, we follow the laws, rules, and company policies that apply to us. We also follow the highest ethical standards, even when there's no specific law or policy. We encourage and expect everyone in the Company to speak up by asking questions, raising concerns, seeking guidance, and reporting actual or suspected violations of laws, our Code of Conduct, our policies, or our high ethical standards. This requirement extends to all employees, vendors, and other third parties working on our behalf

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

DocuSigned by:  
  
.....#90331B3B#EA4C3.....  
S Venkataraman  
Director

Date: 09 June 2021

## **Becton Dickinson Infusion Therapy UK**

### **Directors' Report For the Year Ended 30 September 2020**

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The directors present their report together with the financial statements of the Company for the year ended 30 September 2020.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £2,932,000 (2019: profit of £7,331,000).

The directors do not recommend the payment of any dividends (2019: £nil).

#### **Going concern**

The financial position of the Company and its exposures to financial and liquidity risks are summarised in the Strategic Report on pages 3 to 5.

The Company participates in the BD group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The Company has net current liabilities of £27,741 (2019: £19,965) at the year end and is dependent on the ongoing financial support of its ultimate parent undertaking, Becton, Dickinson and Company, who has confirmed to the directors of the Company that this support will be forthcoming for the foreseeable future, being not less than one year from the date of approval of these financial statements, in order to enable the Company to fulfil its financial commitments as and when liabilities fall due. Accordingly, the directors have prepared these financial statements on a going concern basis.

The response to the impact of COVID-19 is set out in the Principal risks and uncertainties section in the Strategic Report. It is our view, to the best of our current knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern.

Our overall view for the Company is that the economic downturn is expected to be temporary as activity is expected to resume to a close semblance of normality by the end of the calendar year 2021 or sooner depending upon the success of the vaccine roll-out.

#### **Research and development ("R&D")**

The Company does not carry out substantial R&D activity. Research and development activities are mainly carried out elsewhere within the BD group. The Company renders engineering services.

#### **Directors**

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

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

## Becton Dickinson Infusion Therapy UK

### Directors' Report (continued) For the Year Ended 30 September 2020

#### Streamlined Energy and Carbon Reporting

##### *Quantification and reporting methodology*

This report was compiled independently by energy consultants Briar (Briar Consulting Engineers Limited). The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed to ensure the Streamlined Energy and Carbon Reporting ("SECR") requirements were met and exceeded where possible.

The energy data was collated using existing reporting mechanisms. These methodologies provided continuous record of natural gas, electricity and transport fuel use.

The energy data was converted to carbon emissions using the 2020 UK Government GHG Conversion Factors for Company Reporting. The associated emissions are divided into the combustion of fuels and the operation of facilities (scope 1), purchased electricity, heating and cooling (scope 2) and in-direct emissions that occur as a consequence of company activities (scope 3).

##### *Estimations*

The electricity and natural gas energy use was compiled from invoices and meter readings. Transport fuel data was taken from grey fleet mileage claims and fuel card records.

*The energy used by the company (in KWH) in the year ended 30 September 2020 was as follows:*

Electricity (grid)	14,730,050
Natural gas	1,053,450
Diesel	21,540
Employee-owned vehicles where company purchases the fuel	8,400
<b>Total gross energy consumed</b>	<b><u>15,813,440</u></b>

*The breakdown of emissions associated with the reported energy use (tCO<sub>2</sub>e) is:*

<b>Scope 1</b>	
Natural gas	194
Diesel	5
<b>Total Scope 1</b>	<b><u>199</u></b>
<b>Scope 2</b>	
Electricity (grid)	3,434
<b>Total Scope 2</b>	<b><u>3,434</u></b>
<b>Scope 3</b>	
Employee-owned vehicles where company purchases the fuel	2
<b>Total Scope 3</b>	<b><u>2</u></b>
<b>Total gross emissions</b>	<b><u>3,635</u></b>

## Becton Dickinson Infusion Therapy UK

### Directors' Report (continued) For the Year Ended 30 September 2020

#### Streamlined Energy and Carbon Reporting (continued)

##### *Intensity Ratio*

The chosen primary intensity ratio is total gross emissions in metric tonnes CO<sub>2</sub>e (mandatory emissions) per metric tonnes of raw material deliveries. The warehouse and office spaces, as well as transport have been excluded from the breakdown of this table as they comprise only 2% of the total emissions, but their tonnes of CO<sub>2</sub>e have been accounted for in the total figure.

Tonnes of CO <sub>2</sub> e per tonne of raw material deliveries:	
Swindon manufacturing plant	1.556
<b>All sites and transport</b>	<b>1.584</b>

##### *Energy efficiency action during current financial year*

The management of resources and the need to embed sustainability is an important issue for the Company and the following actions related to reducing energy use were implemented within the current reporting period.

Energy consumption is expected to be typical this year as the lockdown closures did not affect the production at the main manufacturing plant.

A result of COVID-19 restrictions and health precautions, there has been a greater implementation of video conferencing for staff and board meetings, reducing the need for travel to and between sites. The emission saving resulting from these activities has not been quantified, but this practice has resulted in behaviour changes that are expected to continue for the foreseeable future.

Outside of the COVID-19 response, actions this financial year have been related to energy efficient lighting projects. This has primarily manifested itself with the replacement or conversion of older style fittings fluorescent and discharge lamps to energy efficient LED equivalents. Within the manufacturing plant, energy savings have been realised by the installation of three new water-cooled compressors which utilise heat recovery and a reduction of compressed air pressure. Additionally, the installation of economisers within the AHU plant has helped to reduce the load on the mechanical cooling system.

#### **Future developments**

The Company expects to continue acting as a manufacturer for the Group.

#### **Financial instruments**

The Company finances its activities with a combination of finance lease contracts, cash and short term deposits. Overdrafts are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade receivables and trade payables, arise directly from the Company's operating activities.

Financial instruments give rise to foreign currency, interest rate, credit and liquidity risk. Information on how these risks arise is set out in the Strategic Report on pages 4 and 5, as are the objectives, policies and processes for their management and the methods used to measure each risk.

## **Becton Dickinson Infusion Therapy UK**

### **Directors' Report (continued) For the Year Ended 30 September 2020**

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#### **Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and disabilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

#### **Employee Involvement**

The company engages with its employees via a framework for information and consultation as detailed in the Statement by directors in accordance with s172(i) Companies Act 2006 as described in the Strategic Report.

#### **Directors' liabilities**

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.

#### **Post balance sheet events**

##### *United Kingdom leaving the European Union*

The United Kingdom formally left the European Union 31 January 2020 and on 24 December 2020 the UK and EU agreed a Comprehensive Trade Agreement that came into force on 1 January 2021. The Agreement outlines new rules for living, working, and trading between the two parties.

The UK's Border Operating Model outlines a phased approach for cargo to limit immediate changes at the UK border, with full checks beginning from 1 July 2021.

The directors have considered the impact on the financial statements up to the date of signing and do not consider any adjustments are required in respect of this matter.

#### **Disclosure of information to auditor**

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 auditor is 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 auditor is aware of that information.

#### **Re-appointment of auditor**

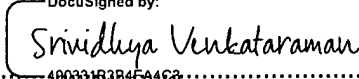
In accordance with s485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

## Becton Dickinson Infusion Therapy UK

### Directors' Report (continued) For the Year Ended 30 September 2020

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

DocuSigned by:  
  
.....  
S Venkataraman  
Director

Date: 09 June 2021



## **Becton Dickinson Infusion Therapy UK**

### **Directors' Responsibilities Statement For the Year Ended 30 September 2020**

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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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 Becton Dickinson Infusion Therapy UK**

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### **Opinion**

We have audited the financial statements of Becton Dickinson Infusion Therapy UK for the year ended 30 September 2020 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 26, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 below. 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.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

## **Independent Auditor's Report to the Members of Becton Dickinson Infusion Therapy UK (continued)**

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### **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 this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **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 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 or Directors' 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 set out on page 14, 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.

## **Independent Auditor's Report to the Members of Becton Dickinson Infusion Therapy UK (continued)**

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### **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 on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

### **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.

*Ernst & Young LLP*

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

Date: June 9, 2021

## Becton Dickinson Infusion Therapy UK

### Income Statement For the Year Ended 30 September 2020

	Note	2020 £000	2019 £000
Turnover	4	67,883	66,173
Increase in stocks of finished goods and work in progress		-	(23)
Raw materials and consumables		(25,358)	(23,239)
Staff costs	8	(23,014)	(22,215)
Depreciation	12	(9,963)	(8,698)
Other operating charges		(3,912)	(3,982)
<b>Operating profit</b>	5	<b>5,636</b>	8,016
Interest payable and similar charges	9	(758)	(533)
Net finance (cost)/income in respect of defined benefit pension scheme	10	(34)	19
<b>Profit on ordinary activities before taxation</b>		<b>4,844</b>	7,502
Tax on profit on ordinary activities	11	(1,912)	(171)
<b>Profit for the financial year</b>		<b>2,932</b>	7,331

### Statement of Comprehensive Income For the Year Ended 30 September 2020

	Note	2020 £000	2019 £000
Profit for the financial year		2,932	7,331
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial gain/(loss) on defined benefit pension scheme	20	463	(2,800)
Related deferred tax	18	(88)	476
		375	(2,324)
<b>Total comprehensive income for the year</b>		<b>3,307</b>	5,007

The notes on pages 22 to 50 form part of these financial statements.

**Becton Dickinson Infusion Therapy UK**

Registered number:00536128

**Balance Sheet**  
**As at 30 September 2020**

	Note	2020 £000	2019 £000
<b>Non-current assets</b>			
Tangible fixed assets	12	91,696	79,004
<b>Current assets</b>			
Stocks	14	6,789	7,672
Trade and other receivables: amounts falling due within one year	15	13,274	9,227
Cash at bank and in hand		10	1
		<u>20,073</u>	<u>16,900</u>
<b>Current liabilities</b>			
Trade and other payables: amounts falling due within one year	16	(47,814)	(36,865)
<b>Net current liabilities</b>		<u>(27,741)</u>	<u>(19,965)</u>
<b>Total assets less current liabilities</b>		<u>63,955</u>	<u>59,039</u>
<b>Non-current liabilities</b>			
Trade and other payables: amounts falling due after more than one year	17	(1,077)	-
		<u>62,878</u>	<u>59,039</u>
<b>Provisions for liabilities</b>			
Deferred taxation	18	(5,523)	(4,436)
Other provisions	19	(76)	(18)
		<u>(5,599)</u>	<u>(4,454)</u>
Defined benefit pension liability	20	(1,411)	(2,247)
<b>Net assets</b>		<u><u>55,868</u></u>	<u><u>52,338</u></u>

**Becton Dickinson Infusion Therapy UK**

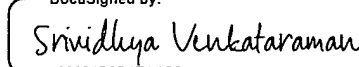
Registered number:00536128

**Balance Sheet (continued)**

As at 30 September 2020

	Note	2020 £000	2019 £000
<b>Capital and reserves</b>			
Called up share capital	21,22	12,500	12,500
Share premium account	22	4	4
Capital redemption reserve	22	3,137	3,137
Profit and loss account	22	40,227	36,697
<b>Equity shareholders' funds</b>		<b>55,868</b>	<b>52,338</b>

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

DocuSigned by:  
  
 .....490331B3B45A4C3.....  
**S Venkataraman**  
 Director

The notes on pages 22 to 50 form part of these financial statements.

## Becton Dickinson Infusion Therapy UK

### Statement of Changes in Equity For the Year Ended 30 September 2020

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Equity share- holders' funds £000
<b>At 1 October 2018</b>	<b>12,500</b>	<b>4</b>	<b>3,137</b>	<b>31,995</b>	<b>47,636</b>
<b>Comprehensive income for the year</b>					
Profit for the financial year	-	-	-	7,331	7,331
Actuarial loss on defined benefit pension scheme (see note 20)	-	-	-	(2,800)	(2,800)
Related deferred tax (see note 18)	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,531</b>	<b>4,531</b>
Share-based payment transactions	-	-	-	171	171
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>171</b>	<b>171</b>
<b>At 1 October 2019</b>	<b>12,500</b>	<b>4</b>	<b>3,137</b>	<b>36,697</b>	<b>52,338</b>
<b>Comprehensive income for the year</b>					
Profit for the financial year	-	-	-	2,932	2,932
Actuarial gain on defined benefit pension scheme (see note 20)	-	-	-	463	463
Related deferred tax (see note 18)	-	-	-	(88)	(88)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,307</b>	<b>3,307</b>
Share-based payment transactions	-	-	-	223	223
<b>At 30 September 2020</b>	<b>12,500</b>	<b>4</b>	<b>3,137</b>	<b>40,227</b>	<b>55,868</b>

The notes on pages 22 to 50 form part of these financial statements.



# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

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

The financial statements of Becton Dickinson Infusion Therapy UK ("the Company") for the year ended 30 September 2020 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 unlimited company, 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 Sterling ("GBP") and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of Becton Dickinson Infusion Therapy UK are included in the consolidated financial statements of Becton, Dickinson and Company which are available from [www.bd.com](http://www.bd.com).

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

### 2. Accounting policies

#### Basis of preparation of financial statements

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 requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the 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), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- 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.
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

## **Becton Dickinson Infusion Therapy UK**

### **Notes to the Financial Statements For the Year Ended 30 September 2020**

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#### **2. Accounting policies (continued)**

##### **Basis of preparation of financial statements (continued)**

- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities and in total.

The 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 25 for further details.

The accounting policies which follow set out those policies which apply in preparing the financial statements for both the current and previous year.

##### **New and amended standards and interpretations adopted by the Company**

New standards impacting the Company that are effective for the year ended 30 September 2020 are:

##### **IFRS 16 Leases**

Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value.

IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

The Company has chosen the modified retrospective approach of IFRS 16, adopted as at 1 October 2019.

##### **IFRIC 23 Uncertainty over Income Tax Treatments**

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation requires:

- The Company to determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- The Company to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

The Company does not have any current or deferred tax liabilities or assets where there is uncertainty over income tax treatments. As such, there is no impact of the adoption of IFRIC 23 on the financial statements.

## **Becton Dickinson Infusion Therapy UK**

### **Notes to the Financial Statements For the Year Ended 30 September 2020**

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#### **2. Accounting policies (continued)**

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

There are no other standards, amendments to standards or interpretations that are effective for the year ended 30 September 2020 that have had a material impact on the Company.

##### **Going concern**

The directors have, and continue to assess the impact of COVID-19 and have concluded that the pandemic has had no material impact on the Company's operations and its financial statements as at date of signing these financial statements.

The Company has net current liabilities at the year end of £29,042 (2019: £19,965) and is dependent on the ongoing financial support of its ultimate parent undertaking, Becton, Dickinson and Company, who has confirmed to the directors of the Company that this support will be forthcoming for the foreseeable future, being not less than one year from the date of approval of these financial statements, in order to enable the Company to fulfil its financial commitments as and when liabilities fall due. Accordingly, the directors have prepared these financial statements on a going concern basis.

Our overall view for the Company is that the economic downturn is expected to be temporary as activity is expected to resume to a close semblance of normality by the end of the calendar year 2021 or sooner depending upon the success of the vaccine roll-out.

##### **Revenue recognition**

###### *Sale of goods*

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at a fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax or duty. Revenue from the sale of goods is recognised when the, significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

##### **Foreign currencies**

###### *Transactions and balances*

Transactions in foreign currencies are recorded at the 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 recognised within profit or loss.

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.

## **Becton Dickinson Infusion Therapy UK**

### **Notes to the Financial Statements For the Year Ended 30 September 2020**

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#### **2. Accounting policies (continued)**

##### **Research and development**

Research costs are expensed to the profit or loss as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development. Development costs that do not meet these criteria are expensed within profit or loss as incurred.

##### **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.

##### **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, with the following exceptions:

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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.

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 within profit or loss.

# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

### 2. Accounting policies (continued)

#### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, other than land and assets in the course of construction, on a straight-line basis over its expected useful life as follows:

Land and buildings	-	nil to 2% per annum
Fixtures, fittings, plant and equipment	-	10% to 20% per annum
Assets in the course of construction	-	nil
Right-of-use assets	-	over period of lease

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of tangible fixed assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included within profit or loss.

Items of spare parts and engineering stock that were expected to be used in more than one period qualify as tangible fixed assets and are reclassified to tangible fixed assets and held at cost until they are ready to be used.

#### Impairment of non-financial assets (excluding stocks)

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised within profit or loss in those expense categories consistent with the function of the impaired asset.

For assets 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, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately within profit or loss, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

### 2. Accounting policies (continued)

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	- purchase on a first-in, first-out basis.
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity, excluding borrowing costs.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### Trade and other receivables

Trade receivables, which generally have 45 days terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through profit or loss where there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

#### 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) as at 30 September 2020.

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 amounts owed by group undertakings, trade receivables 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.

# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### *Financial assets (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.

#### Leases

##### *The Company as a lessee*

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is based on the yield curve discount rate. These yields are provided by Wells Fargo and based on the remaining term of the lease.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in 'Trade and other payables' on the Balance Sheet. The split between current and non-current liabilities is provided in notes 16 and 17.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

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### 2. Accounting policies (continued)

#### Leases (continued)

Right-of-use assets are depreciated over the period of lease. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the move-in date of the lease.

The right-of-use assets are included in the 'Tangible Fixed Assets' lines, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

#### 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 the Income Statement 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.

#### Retirement benefits

##### *(i) Defined benefit pension scheme*

The Company operates "The Becton Dickinson Pension Scheme for UK Employees", a multi-employer group defined benefit pension scheme which has all United Kingdom Becton Dickinson companies as participating employers.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit.

The expected return on the scheme's assets and the increase during the period in the present value of the schemes liabilities arising from the passage of time are included in net finance costs in respect of defined benefit scheme. Actuarial gains and losses are recognised in other comprehensive income. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised on the Balance Sheet for their gross amount. The related deferred tax is included in deferred taxation.

##### *(ii) Defined contribution pension scheme*

The Company also 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.



## **Becton Dickinson Infusion Therapy UK**

### **Notes to the Financial Statements For the Year Ended 30 September 2020**

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#### **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 provide for long-term incentive compensation to employees and directors consisting of restricted stock units ("RSUs").

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 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 within profit or loss, 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 profit or loss 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 within profit or loss.

The Company has employees who hold 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.

The Company does not have cash-settled share-based payment transactions.

# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

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

The preparation of 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 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:

#### *Useful lives of tangible fixed assets*

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the Company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of tangible fixed assets would reduce accordingly. The carrying amount of tangible fixed assets by each class is included in note 12.

#### *Impairment of intercompany loans*

Impairment provisions for amounts due between companies across the Becton, Dickinson and Company group are recognised based on a forward looking expected credit loss model. All amounts are repayable on demand and have different rates of interests which are factored in determining the Weighted Average Cost of Capital (WACC) used for calculating any expected credit losses at the Balance Sheet date. Management have reviewed the recovery strategies in place for these amounts and have concluded the amounts are recoverable and supported by the shareholders of the Company, as a result none of the those amounts have been credit-impaired at the reporting date. Management will keep monitoring at each reporting date whether significant increases in credit risk have occurred, based on borrowed specific information, and will adjust the value of the balances due from group companies where required.

#### *Taxation*

Management judgement is required to determine the amount of deferred tax assets that can be registered, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in notes 11 and 18.

#### *Pension benefits*

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial variation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 20.

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

##### *Leases - Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). A transmission line contract was included as part of the leases definition, while the interest rate is implicit in the contract based on terms and conditions.

##### *Assessment of the impact of COVID-19 on the financial statements*

The COVID-19 pandemic has resulted in a certain degree of uncertainty across many countries. BD continues to closely monitor the potential impact through revised cash flows, detailed risk assessments and revised projections for the business. The Company, being an intermediate parent undertaking holding investments in subsidiaries, is continually evaluating the impact on its investments as COVID-19 represents a potential impairment indicator. It is our view, to the best of our current knowledge, that COVID-19 will not have a material adverse impact on the Company's ability to continue as a going concern.

#### 4. Turnover

Turnover represents the revenue recognised from the sale of goods, exclusive of value added tax and trade discounts.

Turnover is attributable to the manufacture and marketing of medical and surgical products. Turnover by each area of activity is given below:

	2020 £000	2019 £000
Manufacture and marketing of medical products	67,883	66,173

An analysis of turnover by geographical market is given below:

	2020 £000	2019 £000
United Kingdom	1,817	2,356
Continental Europe	61,976	61,826
Rest of the World	4,090	1,991
	<u>67,883</u>	<u>66,173</u>

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

#### 5. Operating profit

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

	2020 £000	2019 £000
Research and development cost expense	1,941	1,211
Depreciation of tangible fixed assets	9,963	8,698
Loss on disposal of fixed assets	55	132
Exchange (gain)/loss	(319)	193
Cost of stocks recognised as an expense	25,358	23,262
Low value leases (2019: Operating lease payments)	304	252
	<u>          </u>	<u>          </u>

#### 6. Auditor's remuneration

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company:

	2020 £000	2019 £000
Audit of the financial statements	55	37
	<u>          </u>	<u>          </u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group accounts of the parent Company.

#### 7. Directors' remuneration

The directors of the Company are also directors or officers of a number of companies within the BD group. The directors' services to the Company do not occupy a significant amount of time. As such, the directors do not consider that they have received any remuneration for their incidental services to the Company for the years ended 30 September 2020 and 30 September 2019. The cost of directors' remuneration is reflected in the financial statements of the Group companies.

# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

### 8. Staff costs and employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	19,951	19,171
Social security costs	1,887	1,807
Other pension costs	1,176	1,237
	<u>23,014</u>	<u>22,215</u>

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

	2020 No.	2019 No.
Production	318	317
Selling and administration	153	145
	<u>471</u>	<u>462</u>

Included in wages and salaries is a total expense for share-based payments of £223,000 (2019: £171,000) all of which arises from transactions accounted for as equity-settled share-based payments transactions.

Included within social security costs is a credit for national insurance contributions provision in relation to share-based payment transactions of £76,000 (2019: expense of £nil).

Included in other pension cost is a charge for £391,000 (2019: £592,000) in respect of the defined benefit scheme and £785,000 (2019: £645,000) in respect of the defined contribution scheme.

### 9. Interest payable and similar charges

	2020 £000	2019 £000
Interest payable to group undertakings	640	533
Other interest payable	118	-
	<u>758</u>	<u>533</u>

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

#### 10. Net finance cost/(income) in respect of defined benefit scheme

	2020 £000	2019 £000
Net finance cost/(income) in respect of defined benefit pension scheme	34	(19)

#### 11. Tax on profit on ordinary activities

	2020 £000	2019 £000
<b>Corporation tax</b>		
Current tax on profits for the year	-	-
Adjustments in respect of previous periods	913	(244)
<b>Total current tax</b>	913	(244)
<b>Deferred tax</b>		
Origination and reversal of timing differences - current year	594	751
Adjustments in respect of prior periods	(183)	(336)
Effect of tax rate change on opening balance	588	-
<b>Total deferred tax (see note 18)</b>	999	415
<b>Taxation on profit on ordinary activities</b>	1,912	171

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

#### 11. Tax on profit on ordinary activities (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	4,844	7,502
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2019: 19.0%)	920	1,425
<b>Effects of:</b>		
Fixed asset differences	118	39
Expenses not deductible for tax purposes	65	2
Pension costs	-	(56)
R&D expenditure credits	30	35
Adjustments in respect of previous years	912	(580)
Adjustments to tax charge in respect of previous periods - deferred tax	(183)	-
Remeasurement of deferred tax for changes in tax rates	500	(32)
Group relief claimed	(457)	(672)
Temporary differences not recognised in the computation	7	10
<b>Total tax charge for the year</b>	<b>1,912</b>	<b>171</b>

##### Factors that may affect future tax charges

The effects of changes to the corporation tax rates, substantively enacted as part of the Finance Act 2016 on 15 September 2016, made a reduction of UK corporation tax to 17% effective 1 April 2020. On 11 March 2020, it was announced that this change was to be reversed and the rate remains at 19% from 1 April 2020. This change was substantively enacted on 17 March 2020. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the year end of 19%.

The 2021 UK Budget announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. This change was not substantively enacted at the balance sheet date and hence it has not been reflected in the measurement of deferred tax balances at the period end.

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

#### 12. Tangible fixed assets

	Land and Buildings £000	Fixtures, fittings, plant and equipment £000	Assets in the course of construction £000	Right-of-use assets £000	Total £000
<b>Cost</b>					
At 1 October 2019	18,478	91,249	23,994	-	133,721
Impact of change in accounting policy	-	-	-	1,424	1,424
At 1 October 2019 (adjusted balance)	18,478	91,249	23,994	1,424	135,145
Additions	-	-	19,987	11	19,998
Transfers intra group	-	(938)	2,208	-	1,270
Disposals	(269)	(4,303)	-	-	(4,572)
Transfers between classes	2,818	14,733	(17,551)	-	-
At 30 September 2020	21,027	100,741	28,638	1,435	151,841
<b>Depreciation</b>					
At 1 October 2019	11,082	43,635	-	-	54,717
Charge for the year	1,229	8,554	-	180	9,963
Transfers intra group	-	(18)	-	-	(18)
Disposals	(250)	(4,267)	-	-	(4,517)
At 30 September 2020	12,061	47,904	-	180	60,145
<b>Net book value</b>					
At 30 September 2020	8,966	52,837	28,638	1,255	91,696
At 30 September 2019	7,396	47,614	23,994	-	79,004

Included in land and buildings is land at £515,000 (2019: £515,000) which is not depreciated. All land and buildings held are freehold.



# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

### 12. Tangible fixed assets (continued)

#### *Right-of-use assets*

The net book value and depreciation charge for right-of-use assets by class of underlying asset is as follows:

	2020 £000
<b>Net book value:</b>	
Buildings	1,424
Vehicles	11
	<u>1,435</u>
<b>Depreciation charge:</b>	
Buildings	173
Vehicles	7
	<u>180</u>

### 13. Leases

#### *Nature of leasing activities (in the capacity as lessee)*

The Company leases one property that has fixed periodic contact repayments over the lease term.

The Company has also entered into car and equipment leases. These leases have an average duration of between 3 and 5 years. There are no sub lease agreements.

The table below shows a breakdown of the Company's lease contracts. All leases have fixed repayments over the leases terms.

	Lease contracts number
Property leases	1
Vehicle leases	2
	<u>3</u>

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

#### 13. Leases (continued)

The table below shows a reconciliation of the lease liabilities during the year:

	Buildings £000	Vehicles £000	Total £000
At 1 October 2019	1,424	11	1,435
Interest expense	17	-	17
Lease payments	(190)	(7)	(197)
	<u>1,251</u>	<u>4</u>	<u>1,255</u>
<b>At 30 September 2020</b>	<b><u>1,251</u></b>	<b><u>4</u></b>	<b><u>1,255</u></b>

The lease liability is made up as follows:

	Up to 3 months £000	3-12 Months £000	1-2 Years £000	2-5 Years £000	over 5 years £000
<b>Lease liabilities</b>					
Land and Buildings	43	131	177	544	355
Plant machinery and motor vehicles	1	3	1	-	-
	<u>44</u>	<u>134</u>	<u>178</u>	<u>544</u>	<u>355</u>

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the Balance Sheet and revert to the lessor in the event of default.

#### 14. Stocks

	2020 £000	2019 £000
Raw materials	3,491	3,761
Work in progress	2,112	2,273
Finished goods	1,186	1,638
	<u>6,789</u>	<u>7,672</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

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

	2020 £000	2019 £000
Trade receivables	1,624	912
Amounts owed by group undertakings	9,868	5,421
VAT	311	1,469
Corporation tax	1,337	1,238
Prepayments and contract assets	134	187
	13,274	9,227

All amounts are unsecured, interest free and repayable on demand.

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

	2020 £000	2019 £000
Trade payables	8,322	9,804
Amounts owed to group undertakings	37,333	25,236
Other taxation and social security	-	464
Lease liabilities	179	-
Other creditors	128	141
Accruals and contract liabilities	1,852	1,220
	47,814	36,865

Within the amounts owed to group undertakings, there are loan balances totaling £30,485,000 (2019: £23,327,000) with the counterparty BD Luxembourg Finance SARL, bearing interest rates ranging from 0.96% to 1.86% (2019: 1.89%).

All other amounts are unsecured, interest free and repayable on demand.

#### 17. Trade and other payables: amounts falling due after more than one year

	2020 £000	2019 £000
Lease liabilities	1,077	-

# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

### 18. Deferred taxation

	2020 £000	2019 £000
At beginning of year	4,436	4,497
Movement in year	1,087	(61)
<b>At end of year</b>	<b>5,523</b>	<b>4,436</b>

The provision for deferred taxation is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	5,930	5,041
Pension	(366)	(557)
Other temporary differences	(41)	(48)
	<b>5,523</b>	<b>4,436</b>

Deferred tax in the Income Statement (see note 11):

	2020 £000	2019 £000
Accelerated capital allowances	889	(309)
Share-based payment	2	(8)
Pension	108	(434)
Prior year adjustment	-	336
	<b>999</b>	<b>(415)</b>

Deferred tax in the Statement of Other Comprehensive Income:

	2020 £000	2019 £000
Pension	(88)	476

# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

### 19. Provisions of liabilities and charges

	Restructuring £000	National insurance on share options £000	Total £000
At 1 October 2019	18	-	18
Charged to profit or loss	(18)	76	58
<b>At 30 September 2020</b>	<b>-</b>	<b>76</b>	<b>76</b>

Restructuring costs initially provided in 2018 related to employee retention costs. The remaining provision was fully utilised during the year.

During the year, a new provision has been made for National Insurance contributions on share options granted since 27 January 1997 under unapproved share options schemes, which are expected to be exercised. The provision has been calculated based on the difference between the year-end share price of \$232.68 (2019: \$252.96) and the exercise price and is being allocated over the period from the date of grant to the date of the employee will become unconditionally entitled to the options. It is expected that the provision will reverse as stock options are exercised.

### 20. Pension commitments

The Company operates a funded group defined benefit pension scheme, The Becton Dickinson Pension Scheme for UK Employees ("the Scheme") for eligible employees. The pension scheme is under common control and risks are shared between participating companies, with scheme liabilities split by company employee numbers, assets split in proportion to liabilities and contributions split by employee numbers.

The scheme provides final salary benefits with a normal retirement age of 65. The scheme is closed to new entrants. New employees in the UK are now offered a defined contribution scheme. A full triennial actuarial valuation was last carried out as at 31 December 2018 by a qualified independent actuary, Willis Towers Watson. The valuation showed a deficit of £9,100,000 for the scheme as a whole at the valuation date, based on assumptions made for calculating its technical provisions. In order to eliminate the deficit, the participating employers made two payments of £3,430,000 on 16 December 2019 and 18 December 2020. The third and final deficit repair contribution of £3,430,000 will be paid by December 2021. A new contribution rate for future accrual was also agreed with the Trustees of the Scheme with the employer's contributions increasing from 26.2% of pensionable Salaries to 34.5% of pensionable salaries with effect from 1 February 2020.

The Scheme operates under trust law and is managed and administered by the Trustee on behalf of the members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Scheme's assets are held by the trust.

Annual increases on benefits in payment in respect of post 6 April 1997 service are dependent on inflation so the main uncertainties affecting the level of benefits payable under the Scheme are future inflation levels and the actual longevity of the membership. The rules of the Scheme have been amended to put a pensionable salary cap for active members of 1% per annum in place.

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

#### 20. Pension commitments (continued)

The investment strategy of the Scheme has been chosen with regard to the nature and duration of the liabilities.

	2020 £000
<b>Expected contributions for the year ending 30 September 2021 (whole scheme)</b>	
Employer	5,098
Scheme participants	242
	<u>5,340</u>

This may change as a result of the 31 December 2021 triennial actuarial valuation.

	£000
<b>Maturity profile of defined benefit obligation (whole scheme)</b>	
Expected benefit payments during fiscal year ending 30-Sep-21	3,972
Expected benefit payments during fiscal year ending 30-Sep-22	4,291
Expected benefit payments during fiscal year ending 30-Sep-23	4,734
Expected benefit payments during fiscal year ending 30-Sep-24	5,289
Expected benefit payments during fiscal year ending 30-Sep-25	5,208
Expected benefit payments during fiscal year ending 30-Sep-26 through 30-Sep-30	<u>33,607</u>

The Company estimates the present value of the duration of UK scheme liabilities on average fall due over 18.8 years (2019: 19.7 years).

The total contributions by all participating employers to the defined benefit scheme in the financial year 2021 are expected to be £5,098,000 for the Group (2019: £1,370,000). Of this balance, the contribution of the Company in the financial year 2021 is expected to be £914,000 (2019: £302,000).

# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

### 20. Pension commitments (continued)

The Company's share of the values of the assets and liabilities as at 30 September were as follows:

	2020 £000	2019 £000
<b>Company share of the scheme assets at fair value</b>		
Equities	9,193	10,213
Bonds	9,469	7,884
Property	812	973
Others	53	2,951
<b>Company share of the total market value of assets</b>	<b>19,527</b>	<b>22,021</b>
Present value of company shares of scheme liabilities	(20,938)	(24,268)
<b>Pension liability</b>	<b>(1,411)</b>	<b>(2,247)</b>
	2020 £000	2019 £000
<b>Analysis of the amount charged to operating profit</b>		
Current service cost	391	379
Past service cost	-	213
<b>Total operating charge</b>	<b>391</b>	<b>592</b>
	2020 £000	2019 £000
<b>Analysis of the amount charged to other finance cost</b>		
Interest on pension scheme assets	394	549
Interest on pension scheme liabilities	(428)	(530)
<b>Total other finance (cost)/income</b>	<b>(34)</b>	<b>19</b>
	2020 £000	2019 £000
<b>Analysis of the amount recognised in other comprehensive income</b>		
Return on plan assets (excluding amounts included in net interest expense)	3,265	(1,458)
Actuarial changes arising from liability experience	262	427
Actuarial changes arising from financial assumptions	(3,990)	4,629
Actuarial changes arising from demographic assumptions	-	(798)
<b>Actuarial (gain)/loss recognised in other comprehensive income</b>	<b>(463)</b>	<b>2,800</b>

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

#### 20. Pension commitments (continued)

##### Main assumptions:

Pension contributions are determined with the advice of independent qualified actuaries, Willis Tower Watson, on the basis of annual valuations using the projected unit credit method. The projected unit credit method is an accrued benefits valuation method in which the scheme liabilities make allowance for future earnings. Scheme assets are stated at their market values at the respective Balance Sheet dates and overall expected rates of return are established by applying published broker's forecast to each category of scheme assets.

	2020	2019
	%	%
Rate of increase in salaries	1.0	1.0
Rate of increase in pensions in payment	3.0	3.0
Discount rate	1.62	1.75
Expected rates of return on scheme assets	1.62	1.75
Inflation assumption (RPI)	3.40	3.55
Current pensioners at 65 - male	22	22
Current pensioners at 65 - female	24	24
Future pensioners at 45 - male	23	23
Future pensioners at 45 - female	25	25

##### Statement of assumptions

IAS 19 requires actuarial assumptions to be "unbiased and mutually compatible" and specifies that they should be "an entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits". The assumptions disclosed in this appendix are for the year ending 30 September 2020 financial reporting and disclosure and the fiscal year 2020 defined benefit cost.

The use of different assumptions arises from the requirements of IAS 19 whereby the defined benefit cost is calculated based on assumptions at the start of the period, and the value of the defined benefit obligation ("DBO") is calculated based on assumptions at the measurement date.



# Becton Dickinson Infusion Therapy UK

## Notes to the Financial Statements For the Year Ended 30 September 2020

### 20. Pension commitments (continued)

#### Discount rate

1.62% per annum (2019: 1.75%).

The discount rate has been derived with reference to market yields at the end of the reporting period on high quality sterling-denominated corporate bonds with maturities consistent with the estimated term of the post-employment benefit obligations.

The discount rate is used to calculate the DBO. The DBO is the present value of expected future payments inherent in the Company's obligation under the Scheme terms to provide benefits resulting from employee service in the current and prior periods. The mean discounted term of the obligation is approximately 18.8 years (2019: 19.7 years).

The choice of discount rate does not directly affect the funding of the Scheme or the ability of the Scheme to meet its obligations to pay benefits to participants. The discount rate determines the DBO reported in the Company's financial statements at the fiscal year end and the service cost and net interest on the net defined benefit liability for the following fiscal year.

IAS 19 requires the discount rate to be based on high quality corporate bond yields.

#### Assumed pension increases

The pension increase assumptions at the 2020 year-end are based on the relevant RPI or CPI inflation assumptions and allow for the effect of pension increase caps and floors, using the Black Scholes model.

- Pensions accrued pre 1997 (for in-payment benefits): 3.00% per annum
- Pensions accrued between 6 April 1997 and 5 April 2006 (for in-payment benefits): 2.55% per annum
- Pensions accrued from 6 April 2006 (for in-payment benefits): 2.05% per annum
- Pensions accrued pre 2009 (for deferred benefits): 2.55% per annum
- Pensions accrued post 2009 (for deferred benefits): 2.50% per annum

#### Mortality

The mortality assumption used is the S2PA base table with a weighting of 103% and 93% respectively for male and female non-pensioners and with a weighting of 98% and 96% respectively for male and female pensioners, with future mortality improvements in line with CMI 2015 projections with a long term trend rate of 1.25% per annum.

At 30 September 2020:

	Male	Female
<b>Life expectancy at age 65 for a member currently</b>		
Aged 65	22	24
Aged 45	23	25

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

#### 20. Pension commitments (continued)

##### Sensitivity analysis

Significant actuarial assumptions at 30 September 2020:

	Assumption used p.a.		Sensitivity Analysis	Effect on DBO
Discount rate	1.37	0.25%	decrease	+4.7%
Discount rate	1.87	0.25%	increase	-4.5%
RPI Inflation (1)	3.65	0.25%	increase	+2.2%
RPI Inflation (1)	3.15	0.25%	decrease	-2.2%

(1) Allowance is made for the resulting change to all assumptions linked to RPI such as revaluation in deferment (CPI-linked) and pension increases in retirement (CPI-linked and RPI-linked).

Changes in the present value of the defined benefit obligations are analysed as follows:

	2020 £000	2019 £000
Benefit obligation at the beginning of the year	24,268	19,284
Current service cost	391	379
Past service cost	-	213
Interest cost	428	530
Plan participants' contributions	44	50
Actuarial gain/(loss)	(3,728)	4,258
Benefits paid	(465)	(446)
<b>Benefit obligation at the end of the year</b>	<b>20,938</b>	<b>24,268</b>

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

#### 20. Pension commitments (continued)

Changes in the fair values of plan assets are analysed as follows:

	2020 £000	2019 £000
Fair value of plan assets at the beginning of the year	22,021	17,824
Expected return on plan assets	(3,265)	1,458
Employer contribution	892	2,810
Interest income on plan assets	394	549
Plan participants' contributions	44	50
Benefits paid	(465)	(446)
Administrative costs paid	(94)	(224)
<b>Fair value of plan assets at the end of the year</b>	<b>19,527</b>	<b>22,021</b>

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Fair value of scheme assets	19,527	22,021	17,824	15,405	14,653
Present value of defined benefit obligation	(20,938)	(24,268)	(19,284)	(19,256)	(19,779)
<b>Deficit in the scheme</b>	<b>(1,411)</b>	<b>(2,247)</b>	<b>(1,460)</b>	<b>(3,851)</b>	<b>(5,126)</b>

	2020 £000	2019 Restated £000	2018 £000	2017 £000	2016 £000
Experience adjustments arising on plan liabilities	3,990	(427)	231	(83)	(899)
Experience adjustments arising on plan assets	-	-	-	-	-

The Company had pension commitments included in the Balance Sheet at 30 September 2020 of £nil (2019: £26,000) relating to the defined contribution pension scheme and £128,000 (2019: £115,000) relating to the defined benefit pension scheme.

#### 21. Called up share capital

	2020 £000	2019 £000
<b>Authorised, allotted, called up and fully paid</b>		
12,500,000 (2019: 12,500,000) Ordinary shares of £1 each	12,500	12,500

## Becton Dickinson Infusion Therapy UK

### Notes to the Financial Statements For the Year Ended 30 September 2020

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#### 22. Capital and reserves

##### **Called up share capital**

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

##### **Share premium account**

Share premium represents the amount received by the Company for a stock issue exceeding its nominal value.

##### **Capital redemption reserve**

Capital redemption reserve represents amounts transferred from share capital on redemption of issued shares.

##### **Profit and loss account**

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

#### 23. 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 restricted stock units ("RSUs"). The ultimate parent company believes such awards align the interest of its employees and directors with those of its shareholders.

##### *Restricted Stock Units ("RSUs")*

The ultimate parent company grants time vested RSUs which step-vest over a three-year period.

For time-vested RSUs the related share-based compensation expense is recorded over the vesting period. The fair value is based on the market price of the ultimate parent company's stock on the date of the grant.

The Company has employees, who hold RSUs granted to them while they were working for other subsidiaries of the ultimate parent company. Such employees are classed as "Multis". To the extent that the RSUs 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.

The performance-based RSUs are tied to the ultimate parent company's performance against pre-established targets, including its average growth rate of consolidated revenues and average return on invested capital, over a three-year performance period. Under the ultimate parent company's long-term incentive program, the actual payout under these awards may vary from zero to 200% of an employee's target payout, based on the Group's actual performance over the three-year performance period. Compensation cost initially recognised assumes that the target payout level will be achieved and is adjusted for subsequent changes in the expected outcome of performance-related conditions.

The weighted average remaining contractual life at 30 September 2020 is 8.56 years (2019: 9.48 years).

The expense recognised for RSUs granted to employees for employee services received during the year to 30 September 2020 is £223,000 (2019: £171,000).

## **Becton Dickinson Infusion Therapy UK**

### **Notes to the Financial Statements For the Year Ended 30 September 2020**

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#### **24. Capital commitments**

Amounts contracted for, but not provided, in the financial statements for capital spend amounted to £14,656,360 (2019: £2,506,000).

#### **25. Ultimate parent company and controlling party**

The Company's immediate parent undertaking is Becton Dickinson Infusion Therapy Holdings UK Limited, which has a registered office address of 1030 Eskdale Road, Winnersh Triangle, Wokingham, Berkshire, RG41 5TS.

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 07417-1880, United States of America. Copies of its group financial statements, which include the Company, are available from [www.bd.com](http://www.bd.com).

#### **26. Post balance sheet events**

##### *United Kingdom leaving the European Union*

The United Kingdom formally left the European Union 31 January 2020 and on 24 December 2020 the UK and EU agreed a Comprehensive Trade Agreement that came into force on 1 January 2021. The Agreement outlines new rules for living, working, and trading between the two parties.

The UK's Border Operating Model outlines a phased approach for cargo to limit immediate changes at the UK border, with full checks beginning from 1 July 2021.

The directors have considered the impact on the financial statements up to the date of signing and do not consider any adjustments are required in respect of this matter.