Becton Dickinson Infusion Therapy UK

Report and Financial Statements

Year Ended

30 September 2023

Company Number 00536128

Becton Dickinson Infusion Therapy UK

Company Information

Directors	M Fairbourn R Green G Thomas
Registered number	00536128
Registered office	1030 Eskdale Road Winnersh Triangle Wokingham Berkshire RG41 5TS
Independent auditor	Ernst & Young LLP R+ 2 Blagrave Street Reading RG1 1AZ
Bankers	BNP Paribas 10 Harewood Avenue London NW1 6AA
Solicitors	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 2023

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 2023.

Principal activities

The company is a wholly owned subsidiary of the Becton, Dickinson and Company ("BD") group ("the group"). BD is a global medical technology group 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 provides 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; and advancing cellular research and applications.

Business segments

BD's operations consist of three worldwide business segments: BD Medical, BD Life Sciences and BD Interventional. The company operates in the BD Medical segment.

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:

Medication Delivery Solutions	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.
Medical Management Solutions	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.
Pharmaceutical Systems	Pre-fillable drug delivery systems provided to pharmaceutical companies and sold to end-users as drug/device combinations.

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.

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:

Integrated Diagnostic Systems	Preanalytical solutions for sample management; 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.
Biosciences	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:

Organisational Unit	*Principal Product Lines*
Surgery	Hernia and soft tissue repair, biological grafts, bioresorbable grafts, biosurgery, and other surgical products; BD ChloraPrep™ 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 faecal management devices.

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 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:

	2023 £000	2022 £000	Change %
Turnover	**71,758**	**73,657**	**(3)**
Operating profit	**7,236**	**6,674**	**8**
Profit for the financial year	**6,209**	**6,930**	**(10)**
Average number of employees	**463**	**487**	**(5)**

For the year ended 30 September 2023 sales of £71.8m were reported (2022: £73.7m), representing a 2% decrease in revenue.

Operating profit increased from £6.7m to £7.2m. The company earns an amount based on the contractual agreement with the BD Group for its limited risk manufacturing activities.

The profit after tax decreased from £6.9m to £6.2m.

No new products were introduced in 2023.

The average number of employees in 2023 was 463 (2022: 487).

The company in its role as group manufacturer invested £4.0 million (2022: £4.7 million). The main investments were in a canteen facility £1.1 million and a capacity and capability increase on Physioject and Preventis respectively, totalling £1.0 million. Other investments included £0.24 million on a replacement Building Monitoring System.

The strategy of the company remains unchanged.

Principal risks and uncertainties

Company economic risk

The directors do not believe that the current conflict in Ukraine and related sanctions pose a direct adverse risk to the company. However, the situation in Ukraine has added uncertainty across many global markets, in particular energy, leading to further cost pressures for the company.

The directors are monitoring the situation in Israel and Palestine to understand the potential impact on the company.

The directors did not identify any significant impact of the current cost of living crisis. The company has minimal operating profit risk as a Limited Risk Manufacturer ("LRM") whereby it is guaranteed a certain level of profit in relation to it's LRM activity through the Transfer Pricing Agreement.

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.

Interest rate risk

The company's loans payable are only with group undertakings at fixed interest rates. The company's exposure to interest rate risk is therefore immaterial.

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 monitors any changes within the legislation, including relevant laws and regulations, to ensure that products comply with the necessary standards.

Statement by directors in accordance with S172(1) 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.

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 though 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.

Becton Dickinson Infusion Therapy UK

Statement by directors in accordance with S172(1) Companies Act 2006 (continued)

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

At a community level there are a number of initiatives that take place locally and associates are encouraged to utilise a Charity Day included as part of annual leave.

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).

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 is 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:

Glenn Thomas

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G Thomas
Director

Date: 28-Mar-2024

Becton Dickinson Infusion Therapy UK

Directors' Report
For the Year Ended 30 September 2023

The directors present their Report together with the audited financial statements of Becton Dickinson Infusion Therapy UK Limited ("the company") for the year ended 30 September 2023.

Results and dividends

The profit for the year, after taxation, amounted to £6,209,000 (2022: £6,930,000).

The directors do not propose the payment of a final dividend (2022: £nil). No interim dividend (2022: £nil) was paid during the year.

Going concern

The financial position of the company and its exposures to financial and liquidity risks are summarised in the Strategic Report on page 4.

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

The company produces an annual strategic review (ASR) which is a 3 year projection of company profitability. The directors review this in order to satisfy themselves that the company has adequate resources to continue in operational existence for at least the period of this review. For this reason, they continue to adopt the going concern basis in preparing financial statements.

The company has net current assets of £17,296,000 (2022: net current liabilities of £881,000) 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 continue until 30 June 2025, 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 company's response to economic risk is set out in the Principal risks and uncertainties section in the Strategic Report. It is the directors' view, to the best of their current knowledge, that these risks will not have a material adverse impact on the company's ability to continue as a going concern.

Directors

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

M Fairbourn
E Hopkin (resigned 21 December 2022)
S Venkataraman (resigned 2 February 2023)
R Green (appointed 21 December 2022)
G Thomas (appointed 14 July 2023)

Streamlined Energy and Carbon Reporting ("SECR")

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.

The 2023 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations as these relate to the majority of the reporting period. The associated emissions are divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of company activities but occur from sources not owned or controlled by the organisation (scope 3).

The energy use and associated GHG emissions are for those assets owned or controlled within the UK only as defined by the operational control boundary. This includes the manufacturing plant in Swindon along with company vehicles and personal vehicles used for business mileage ("grey fleet").

Estimations

Electricity and gas consumption were based on invoice records, while mileage was used to calculate energy and emissions from grey fleet. There was no energy and emissions from fleet vehicles reported this year. Gross calorific values were used except for mileage energy calculations as per Government GHG Conversion Factors.

The energy used by the company (in kWh) in the year ended 30 September 2023 was as follows:

	2023 kWh	2022 kWh
Purchased electricity	**12,848,565**	15,475,901
Gas	**914,312**	1,891,506
Transport fuel	**6,961**	80,550
Total gross energy consumed	**13,769,838**	17,447,957

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Directors' Report (continued)
For the Year Ended 30 September 2023

Streamlined Energy and Carbon Reporting ("SECR") (continued)

The breakdown of emissions associated with the reported energy use (tCO_2e) is:

	2023 tCO_2e	2022 tCO_2e
Scope 1		
Gas	**167**	345
Company-owned vehicles	**-**	12
Total Scope 1	**167**	357
Scope 2		
Purchased electricity (location-based)	**2,661**	2,993
Total Scope 2	**2,661**	2,993
Scope 3		
Category 6: Business travel (grey fleet)	**2**	8
Total Scope 3	**2**	8
Total gross emissions	**2,830**	3,358

Intensity Ratio

The intensity ratio is total gross emissions in metric tonnes CO_2e (mandatory emissions) per total metric tonnes of resin receipts. For the year ended 30 September 2023 there were 1,467 (2022: 2,265) tonnes of total resin receipts. This metric is considered the most relevant to the company's energy consuming activities and provides a good comparison of performance over time. A second metric including the transport emissions has also been calculated.

Tonnes of CO_2e per tonne of resin receipts:	**2023**	**2022**
Swindon manufacturing plant	1.00	1.47
All sites and transport	1.93	1.48

Streamlined Energy and Carbon Reporting ("SECR") (continued)

Energy efficiency action during current financial year

The company is committed to reducing emissions and this year has seen the implementation of the following energy efficiency measures:

- There has been cladding of office buildings to provide additional insulation to reduce energy consumption.
- There has also been the replacement of windows in the North Office environment as well as replacement of an Air Handling Unit in the North Office (this removes the R22 gas from site mainly but also provides increases energy efficiency).
- There has been a new Building Monitoring System (BMS) installed to help identify issues early and a continuation of LED installation across the site.

Future developments

The company will continue with its management policies in future years which have proven successful in growing the business in recent years. The company expects further growth in sales from continuing operations and expects to continue further investments in the future. The sales will be both in the UK and Europe.

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, liquidity and cash flow risk. Information on how these risks arise is set out in the Strategic Report on page 4, as are the objectives, policies and processes for their management and the methods used to measure each risk.

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(1) Companies Act 2006 as described in the Strategic Report.

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.

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.

Matters covered in the Strategic Report

In accordance with the Companies Act 2006, s414C(11), information in respect of principal activities and financial risk management are shown in the Strategic Report.

Research and development ("R&D")

The company carries out limited R&D activity. Research and development activities are mainly carried out *elsewhere within the BD group. The company renders engineering services.*

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.

Post balance sheet events

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993 ("s.37"), and in particular the requirements of s.37 in respect of pension schemes that were formerly contracted-out on a "reference scheme test" basis. The judgement clarifies that where an amendment was made which affected section 9(2B) rights without the necessary section 37 confirmation having been obtained, that amendment would be void.

The case is relevant to the defined benefit pension scheme operated by the Company as it was contracted-out on that basis during the period 7 April 1997 – 5 April 2016 and so the requirements under s.37 that were discussed in the judgement applied to amendments made to the Scheme's governing rules made during that period. It is currently unknown as to whether the company holds valid s.37 confirmations for any amendments made.

Elements of the High Court's decision are subject to an appeal to the Court of Appeal, which is scheduled to be heard in June 2024. However, the Trustees do not know at this stage when the outcome of the appeal will be published and to what extent this will change the legal position following the initial High Court judgement. As matters stand, the case has the potential to cause significant issues in the pensions industry. The Trustees have carried out some initial investigations as to the possible implications with their advisers, but it is not possible at present to estimate the potential impact, if any, on the Scheme.

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.

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

DocuSigned by:
Glenn Thomas
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G Thomas
Director

Date: 28-Mar-2024

Directors' Responsibilities Statement
For the Year Ended 30 September 2023

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

Opinion

We have audited the financial statements of Becton Dickinson Infusion Therapy UK for the year ended 30 September 2023 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 27, 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 2023 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. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period until 30 June 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those relate to the reporting framework (FRS 101 and Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the company has to comply with laws and regulations relating to its operations, including health and safety and GDPR.
- We understood how the company is complying with those frameworks by making inquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Through these procedures we determined there to be fraud risks relating to management override of controls and improper revenue recognition both associated manipulation of revenue amounts via manual journal entries. We have concentrated our audit procedures to address these risks using data analytics to perform a correlation analysis between revenue, debtors and cash. We audited the recognition and measurement of revenue by tracing sample of transaction, selected at random throughout the year, to cash banked to verify the accuracy of reported revenue. We utilised data analytics to complete our testing of manual journals to identify manual adjustments that are made to revenue and other adjustments made to record transactions outside the normal course of business; we obtained corroborating evidence for such entries.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and legal counsel, and journal entry testing, with a focus on manual journals indicating large, unusual transactions based on our understanding of the business and ensuring that such transactions complied with the relevant accounting and legal requirements.

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.

DocuSigned by:
Ernst & Young LLP
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Evangelos Gkirtsos (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP Statutory Auditor
Reading

Date:
28 March 2024

Becton Dickinson Infusion Therapy UK

Income Statement
For the Year Ended 30 September 2023

	Note	2023 £000	2022 £000
Turnover	4	**71,758**	73,657
Increase in stocks of finished goods and work in progress		**(1,286)**	(2,215)
Raw materials and consumables		**(25,428)**	(23,971)
Staff costs	8	**(23,355)**	(24,529)
Depreciation	13	**(10,329)**	(12,971)
Other operating income		**1,046**	-
Other operating charges		**(5,170)**	(3,297)
Operating profit	5	**7,236**	6,674
Interest receivable and similar income	9	**225**	8
Interest payable and similar charges	10	**(273)**	(451)
Net finance income in respect of defined benefit pension scheme	11,21	**83**	19
Profit on ordinary activities before taxation		**7,271**	6,250
Taxation on profit on ordinary activities	12	**(1,062)**	680
Profit for the financial year		**6,209**	6,930

Statement of Comprehensive Income
For the Year Ended 30 September 2023

	Note	2023 £000	2022 £000
Profit for the financial year		**6,209**	6,930
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit pension scheme	21	**(787)**	712
Related deferred tax	19	**197**	(178)
Total other comprehensive (loss)/income		**(590)**	534
Total comprehensive income for the year		**5,619**	7,464

All amounts relate to continuing activities.

The notes on pages 22 to 53 form part of these financial statements.

Becton Dickinson Infusion Therapy UK
Registered number: 00536128

Balance Sheet
As at 30 September 2023

	Note		2023 £000		2022 £000
Non-current assets					
Tangible fixed assets	13		**71,971**		82,529
Current assets					
Stocks	15	**8,373**		7,602	
Trade and other receivables: amounts falling due within one year	16	**24,329**		17,766	
		32,702		25,368	
Current liabilities					
Trade and other payables: amounts falling due within one year	17	**(15,406)**		(26,249)	
Net current assets/(liabilities)			**17,296**		(881)
Total assets less current liabilities			**89,267**		81,648
Non-current liabilities					
Trade and other payables: amounts falling due after more than one year	18		**(5,858)**		(6,376)
			83,409		75,272
Provisions for liabilities					
Deferred taxation	19	**(8,231)**		(8,100)	
Other provisions	20	**(1,705)**		(46)	
			(9,936)		(8,146)
Defined benefit pension asset	21		**905**		1,636
Net assets			**74,378**		68,762

Becton Dickinson Infusion Therapy UK
Registered number: 00536128

Balance Sheet (continued)
As at 30 September 2023

	Note	2023 £000	2022 £000
Capital and reserves			
Called up share capital	22,23	**12,500**	12,500
Share premium account	23	**4**	4
Capital redemption reserve	23	**3,137**	3,137
Profit and loss account	23	**58,737**	53,121
Equity shareholder's funds		**74,378**	68,762

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

DocuSigned by:
Glenn Thomas
522A5C4AE36541F...
G Thomas
Director

Date: 28-Mar-2024

The notes on pages 22 to 53 form part of these financial statements.

Becton Dickinson Infusion Therapy UK

Statement of Changes in Equity
For the Year Ended 30 September 2023

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Equity share-holders funds
	£000	£000	£000	£000	£000
At 1 October 2022	12,500	4	3,137	53,121	68,762
Comprehensive income for the year					
Profit for the financial year	-	-	-	6,209	6,209
Actuarial loss on defined benefit pension scheme (see note 21)	-	-	-	(787)	(787)
Related deferred tax (see note 19)	-	-	-	197	197
Other comprehensive income for the year	-	-	-	(590)	(590)
Total comprehensive income for the year	-	-	-	5,619	5,619
Share-based payment transactions (see note 24)	-	-	-	(3)	(3)
Total transactions with owners	-	-	-	(3)	(3)
At 30 September 2023	12,500	4	3,137	58,737	74,378

The notes on pages 22 to 53 form part of these financial statements.

Becton Dickinson Infusion Therapy UK

Statement of Changes in Equity
For the Year Ended 30 September 2022

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Equity share-holder's funds
	£000	£000	£000	£000	£000
At 1 October 2021	12,500	4	3,137	45,450	61,091
Comprehensive income for the year					
Profit for the financial year	-	-	-	6,930	6,930
Actuarial gain on defined benefit pension scheme (see note 21)	-	-	-	712	712
Related deferred tax (see note 19)	-	-	-	(178)	(178)
Other comprehensive income for the year	-	-	-	534	534
Total comprehensive income for the year	-	-	-	7,464	7,464
Share-based payment transactions (see note 24)	-	-	-	207	207
Total transactions with owners	-	-	-	207	207
At 30 September 2022	12,500	4	3,137	53,121	68,762

The notes on pages 22 to 53 form part of these financial statements.

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 2023 were authorised for issue by the board of directors and the Balance Sheet was signed on the board's behalf by G Thomas.

The company is a wholly owned subsidiary of the Becton, Dickinson and Company ("BD") group ("the group"). BD is a global medical technology group 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 provides 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; and advancing cellular research and applications.

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.

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.

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

2. Accounting policies

Basis of preparation

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 paragraphs 17 and 18A of IAS 24 Related Party Disclosures;

2. Accounting policies (continued)

Basis of preparation (continued)

- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(e)-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;
- 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; and
- certain disclosures as required by IFRS 7 Financial Instruments: Disclosures.

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 26 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 years.

New and amended standards and interpretations adopted by the company

The following amendments are effective for accounting periods beginning on or after 1 January 2022:

- Onerous contracts – Costs of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

None of these amendments had any impact on the company.

2. Accounting policies (continued)

Going concern

The financial position of the company and its exposures to economic, financial and liquidity risks are summarised below:

Company economic risk

The directors do not believe that the current conflict in Ukraine and related sanctions pose a direct adverse risk to the company. However, the situation in Ukraine has added uncertainty across many global markets, in particular energy, leading to further cost pressures for the company.

The directors are monitoring the situation in Israel and Palestine to understand the potential impact on the company.

The directors did not identify any significant impact of the current cost of living crisis. Since the company is a Limited Risk Distributor the company is guaranteed a profit, regardless of any cost increase, through the Transfer Pricing Adjustment.

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.

Interest rate risk

The company's loans payable are only with group undertakings at fixed interest rates. The company's exposure to interest rate risk is therefore immaterial.

It is the directors' view, to the best of their current knowledge, that these risks will not have a material adverse impact on the company's ability to continue as a going concern.

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

The company produces an annual strategic review (ASR) which is a 3 year projection of company profitability. The directors review this in order to satisfy themselves that the company has adequate resources to continue in operational existence for at least the period of this review. For this reason, they continue to adopt the going concern basis in preparing financial statements.

2. Accounting policies (continued)

Going concern (continued)

The company has net current assets of £17,296,000 (2022: net current liabilities of £881,000) 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 continue until 30 June 2025, 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.

Revenue recognition

IFRS 15 requires revenue to be recognised when a customer obtains control of promised goods or services in an amount that reflects the consideration a company expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The company has adopted the following revenue recognition policy in line with the five step-model set out within IFRS 15:

- Identifying the contract with the customer

  The company has established agreements and work orders with its customers that fall under the scope of IFRS 15. A contract can be a single agreement or multiple agreements that were negotiated together as a Single arrangement. A contract is the final understanding between the parties as to the specific nature and terms of the agreed-upon transaction. A contract must meet the following criteria: (a) approval & commitment; (b) identification of rights; (c) identify payment terms; (d) contract has commercial substance; and (e) collection is probable.

- Identify all the individual performance obligations within the contract

  IFRS 15 requires an entity to assess the goods or services promised in a contract and identify as a performance obligation each promise to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct, or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

- Determine the transaction price (including any variable consideration)

  The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, including amounts collected on behalf of third-party vendors. The consideration promised in an agreement with a customer may include fixed amounts (inclusive of service fees, pass through costs and investigator grants), variable amounts, or both. Examples of variable consideration is inflation revenue.

2. Accounting policies (continued)

Revenue recognition (continued)

- Allocate the transaction price to an individual performance obligation

  The company's contracts have a directly observable transaction price pertaining to each promised good or service. When more than one performance obligation exists, the company allocates the transaction price to each performance obligation. As the company's contracts have been deemed one performance obligation, the transaction price is allocated as one.

- Recognition of revenue

  An entity should recognise revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when (or as) the customer obtains control of that good or service. The company provides its services over the life of the agreement and, therefore, each contract is satisfied over time. The company uses a percentage of completion method to determine the value of revenue earned over time to fully deliver the promised good or service to a customer.

Foreign currencies

The company's financial statements are presented in GBP, which is also the company's functional currency.

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.

Research and development

Research costs are expensed to 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 income

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

2. Accounting policies (continued)

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.

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.

Expenditure for fixed assets which are not ready for immediate use, or for capital projects such as a new equipment line or a new facility are recorded in construction in progress accounts and transferred to the appropriate asset account when the asset is placed in service (i.e. when the asset is substantially complete and ready for its intended use). Periodic reviews of these accounts are performed to ensure the timely transfer of amounts to fixed asset accounts and commencement of depreciation.

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.

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 2023.

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.

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.

2. Accounting policies (continued)

Financial instruments (continued)

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 17 and 18.

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.

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.

2. Accounting policies (continued)

Leases (continued)

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

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

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, which requires contributions to be made to a separately administered fund.

Pension schemes 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.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Statement of Financial Position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2. Accounting policies (continued)

Retirement benefits (continued)

(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.

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 based on the market price of the ultimate parent company's stock on the date of grant. 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 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.

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 13.

Reversals of impairments

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 in profit or loss unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

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 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 12 and 19.

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

Pension benefits

The cost of defined benefit pension plans is 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 21.

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.

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:

	2023 £000	2022 £000
Manufacture and marketing of medical products	**71,758**	73,657

An analysis of turnover by geographical market is given below:

	2023 £000	2022 £000
United Kingdom	**-**	720
Continental Europe	**67,819**	68,592
Rest of the world	**3,939**	4,345
	71,758	73,657

5. Operating profit

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

	2023 £000	2022 £000
Research and development cost expense	**1,618**	2,227
Loss of disposal of fixed assets	**242**	61
Foreign exchange (gain)/loss	**(41)**	513
Low value leases	**602**	655
Gain on intercompany loan waiver	**(875)**	-
Severance	**1,462**	-

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:

	2023 £000	2022 £000
Audit of the financial statements	**64**	70

There are no non-audit services provided by the auditor.

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 2023 and 30 September 2022. The cost of directors' remuneration is reflected in the financial statements of Becton, Dickinson U.K. Limited.

8. Staff costs and employees

Staff costs were as follows:

	2023 £000	2022 £000
Wages and salaries	**20,144**	21,085
Social security costs	**2,163**	2,356
Other pension costs	**1,049**	1,088
	23,356	24,529

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

	2023 No.	2022 No.
Production	**294**	320
Selling and administration	**169**	167
	463	487

Included in wages and salaries is a total expense for share-based payments of £238,000 (2022: £207,000) 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 £16,000 (2022: £13,000).

Included in other pension cost is a charge for £nil (2022: £nil) in respect of the defined benefit scheme and £1,048,000 (2022: £1,088,000) in respect of the defined contribution scheme.

9. Interest receivable and similar income

	2023 £000	2022 £000
Interest receivable from group companies	**118**	-
Bank and other interest receivable	**107**	8
	225	8

10. Interest payable and similar charges

	2023 £000	2022 £000
Interest payable to group undertakings	**273**	451

11. Net finance income in respect of defined benefit pension scheme

	2023 £000	2022 £000
Net finance income in respect of defined benefit pension scheme	**83**	19

12. Taxation on profit on ordinary activities

	2023 £000	2022 £000
Corporation tax		
UK corporation tax	**210**	57
Adjustments in respect of previous periods	**524**	253
Total current tax	**734**	310
Deferred tax		
Origination and reversal of timing differences - current year	**(301)**	(168)
Adjustments in respect of prior periods	**629**	(769)
Effect of tax rate change on opening balance	**-**	(53)
Total deferred tax (see note 19)	**328**	(990)
Taxation on profit on ordinary activities	**1,062**	(680)

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12. Taxation on profit on ordinary activities (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 22.01% (2022: 19%). The differences are explained below:

	2023 £000	2022 £000
Profit on ordinary activities before tax	**7,271**	6,250
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.01% (2022: 19%)	**1,600**	1,188
Effects of:		
Fixed asset differences	**107**	65
Expenses not deductible for tax purposes	**142**	60
Income not deductible for tax purposes	**(192)**	-
R&D expenditure credits	**-**	(9)
Adjustments in respect of previous years	**524**	253
Adjustments to tax charge in respect of previous periods - deferred tax	**629**	(769)
Remeasurement of deferred tax for changes in tax rates	**(36)**	(53)
Group relief surrendered	**(1,666)**	(1,415)
Other differences leading to an increase (decrease) in the tax charge	**(46)**	-
Total tax charge/(credit) for the year	**1,062**	(680)

Changes in corporation tax rate

In 2021 an increase in the corporation tax rate to 25% with effect from 1 April 2023 was substantively enacted. The 22.01% rate used above reflects a blended rate between this new rate and the previous rate of 19%. 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 25%.

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

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13. 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
Cost					
At 1 October 2022	26,702	100,079	20,315	7,887	154,983
Additions	116	-	4,040	-	4,156
Group transfers	(913)	(3,242)	-	-	(4,155)
Disposals	(906)	(2,062)	-	-	(2,968)
Transfers between classes	2,509	5,026	(7,535)	-	-
At 30 September 2023	27,508	99,801	16,820	7,887	152,016
Depreciation					
At 1 October 2022	14,268	56,988	-	1,198	72,454
Charge for the year	934	8,889	-	506	10,329
Group transfers	-	(11)	-	-	(11)
Disposals	(754)	(1,973)	-	-	(2,727)
At 30 September 2023	14,448	63,893	-	1,704	80,045
Net book value					
At 30 September 2023	13,060	35,908	16,820	6,183	71,971
At 30 September 2022	12,434	43,091	20,315	6,689	82,529

Included in land and buildings is land at £515,000 (2022: £515,000) which is not depreciated. All land and buildings held are freehold.

Assets in the course of construction relate to facilities enhancement (canteen expansion), along with production line improvements at the Swindon plant.

There were also transfers to other BD group companies with a net book value of £4,370,000. The company received compensation of £4,370,000 for these transfers.

13. Tangible fixed assets (continued)

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

	2023 £000	2022 £000
Tangible fixed assets owned	65,788	75,840
Right-of-use tangible fixed assets	6,183	6,689
	71,971	82,529

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

	2023 £000	2022 £000
Net book value		
Buildings	6,168	6,663
Vehicles	15	26
	6,183	6,689

	2023 £000	2022 £000
Depreciation charge		
Buildings	496	642
Vehicles	10	7
	506	649

14. Leases

Company as a lessee

Nature of leasing activities

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	1
	2

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

	Buildings £000	Vehicles £000	Total £000
At 1 October 2022	6,872	25	6,897
Additions	-	-	-
Interest expense	(11)	-	(11)
Lease payments	(499)	(10)	(509)
Disposals	-	-	-
At 30 September 2023	6,362	15	6,377

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
Lease liabilities					
Land and buildings	128	383	510	1,524	3,817
Vehicles	2	6	7	-	-
	130	389	517	1,524	3,817

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.

15. Stocks

	2023 £000	2022 £000
Raw materials	**2,913**	3,427
Work in progress	**1,412**	2,074
Finished goods	**4,048**	2,101
	8,373	7,602

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

The cost of stock recognised as an expense in the year was £26,714,000 (2022: £26,186,000).

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

	2023 £000	2022 £000
Trade receivables	**99**	97
Amounts owed by group undertakings	**23,238**	12,688
VAT	**737**	1,433
Corporation tax	**-**	3,274
Prepayments	**255**	274
	24,329	17,766

Within amounts owed by group undertakings are balances owed by BD Luxembourg Finance SARL, a fellow group company. This is part of the Deposit and Loan arrangement ("DLA") which exists between the group companies.

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

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

	2023 £000	2022 £000
Trade payables	**7,230**	10,075
Amounts owed to group undertakings	**4,854**	13,142
Other taxation and social security	**547**	525
Lease liabilities (see note 14)	**519**	521
Other creditors	**169**	157
Accruals	**2,087**	1,829
	15,406	26,249

Included within amounts owed to group undertakings are amounts held under a cash pooling arrangement with Becton Dickinson Luxembourg SARL.

Also within amounts owed to group undertakings is a loan balance of £nil (2022: £875,000) with Becton Dickinson Infusion Therapy Holdings UK Limited. The loan balance of £875,000 was waived during the year and is included within other operating income in the Income Statement.

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

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

	2023 £000	2022 £000
Lease liabilities (see note 14)	**5,858**	6,376

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19. Deferred taxation

	2023 £000	2022 £000
At beginning of year	**(8,100)**	(8,912)
Movement in year	**(131)**	812
At end of year	**(8,231)**	(8,100)

The provision for deferred taxation is made up as follows:

	2023 £000	2022 £000
Accelerated capital allowances	**(8,074)**	(7,763)
Pension	**(226)**	(409)
Other temporary differences	**69**	72
	(8,231)	(8,100)

Deferred tax in the Income Statement (see note 12):

	2023 £000	2022 £000
Accelerated capital allowances	**311**	1,112
Share-based payment	**3**	(33)
Pension	**14**	(89)
	328	990

Deferred tax in the Statement of Other Comprehensive Income:

	2023 £000	2022 £000
Pension	**(197)**	(178)

20. Other provisions

	National insurance on share options £000	Dilapidations £000	Severance £000	Total £000
At 1 October 2022	46	-	-	46
Additions	48	181	1,462	1,691
Utilised/reversed	(32)	-	-	(32)
At 30 September 2023	**62**	**181**	**1,462**	**1,705**

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 $258.53 (2022: $222.83) 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.

The provision for dilapidations relates to costs expected to be incurred in returning the premises at Swindon to its original condition and is expected to be used by the review date in May 2036. Additions in the year relate to reinstatement costs of £116,000 capitalised in leasehold improvements and £65,000 being repairs and other costs recognised in profit or loss in the year.

The provision for severance relates to costs expected to be incurred following the adoption of a detailed plan of redundancies. The adoption of this plan was implemented before the year ended 30 September 2023 and those affected have already been informed.

21. 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 closed to future accrual on 30 September 2021.

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 2021 by a qualified independent actuary, Willis Towers Watson. The previous valuation carried out as at 31 December 2018 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, and a third and final deficit repair contribution of £3,975,000 was paid on 22 November 2021. No future service cost contributions have been paid after 30 September 2021 following the Scheme closure. As part of the 31 December 2021 triennial actuarial valuation, the company agreed to make an annual payment of £600,000 each December to meet administration costs.

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.

21. Pension commitments (continued)

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.

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

	£000
Expected contributions for the year ending 30 September 2024 (whole scheme)	
Employer	**600**
Scheme participants	**-**
	600

	£000
Maturity profile of defined benefit obligation (whole scheme)	
Expected benefit payments during fiscal year ending 30-Sep-24	**5,124**
Expected benefit payments during fiscal year ending 30-Sep-25	**5,157**
Expected benefit payments during fiscal year ending 30-Sep-26	**5,771**
Expected benefit payments during fiscal year ending 30-Sep-27	**6,203**
Expected benefit payments during fiscal year ending 30-Sep-28	**7,005**
Expected benefit payments during fiscal years ending 30-Sep-29 through 30-Sep-33	**37,321**

The total contributions by all participating employers to the defined benefit scheme in the financial year 2024 are expected to be £600,000 for the group (2022: £600,000). Of this balance, the contribution of the company in the financial year 2024 is expected to be £60,000 (2022: £60,000).

21. Pension commitments (continued)

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

	2023 £000	2022 £000
Company share of the scheme assets at fair value		
Equities	**2,334**	2,870
Bonds	**8,711**	8,848
Property	**740**	983
Others	**1,039**	1,747
Company share of the total market value of assets	**12,824**	14,448
Present value of company shares of scheme liabilities	**(11,919)**	(12,812)
Pension asset	**905**	1,636

	2023 £000	2022 £000
Analysis of the amount charged to other finance cost		
Interest on pension scheme assets	**714**	434
Interest on pension scheme liabilities	**(631)**	(415)
Total other finance income	**83**	19

	2023 £000	2022 £000
Analysis of the amount recognised in other comprehensive income		
Return on plan assets less than discount rate	**1,666**	7,238
Actuarial loss arising from liability experience	**162**	78
Actuarial gain arising from liability assumption changes	**(1,041)**	(8,028)
Actuarial loss/(gain) recognised in other comprehensive income	**787**	(712)

Current service cost of £nil (2022: £nil) and past service cost of £nil (2022: £nil) were charged to operating profit during the year.

21. 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.

	2023 %	2022 %
Significant actuarial assumptions		
Rate of increase in salaries	**n/a**	n/a
Rate of increase in pensions in payment (pensions accrued pre 1997)	**3.00**	3.00
Rate of increase in pensions in payment (pensions accrued between 6 April 1997 and 5 April 2006)	**2.85**	2.75
Rate of increase in pensions in payment (pensions accrued from 6 April 2006)	**2.10**	2.05
Rate of increase in pensions in payment (pensions accrued pre 2009)	**2.90**	2.80
Rate of increase in pensions in payment (pensions accrued post 2009)	**2.50**	2.50
Discount rate	**5.55**	5.05
Inflation assumption (RPI)	**3.40**	3.30
Inflation assumption (CPI)	**2.90**	2.80

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 2023 financial reporting and disclosure and the fiscal year 2023 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.

21. Pension commitments (continued)

Discount rate

5.55% per annum (2022: 5.05%).

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 13.2 years (2022: 15.1 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 2023 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): 2.85% per annum
- Pensions accrued from 6 April 2006 (for in-payment benefits): 2.10% per annum
- Pensions accrued pre 2009 (for deferred benefits): 2.90% per annum
- Pensions accrued post 2009 (for deferred benefits): 2.50% per annum

Mortality

At 30 September 2023:

	Male	Female
Life expectancy at age 65 for a member currently		
Aged 65	21	23
Aged 45	22	24

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21. Pension commitments (continued)

Sensitivity analysis

The sensitivity analysis at 30 September 2023 is as follows:

	Assumption used p.a.	Sensitivity analysis	Effect on DBO
Discount rate	**5.30%**	**0.25% decrease**	**+3.16%**
Discount rate	**5.80%**	**0.25% increase**	**-3.05%**
RPI Inflation (1)	**3.65%**	**0.25% increase**	**+1.77%**
RPI Inflation (1)	**3.15%**	**0.25% decrease**	**-1.74%**

(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:

	2023 £000	2022 £000
Benefit obligation at the beginning of the year	**12,812**	21,138
Current service cost	**-**	-
Past service cost	**-**	-
Interest cost	**631**	415
Plan participants' contributions	**-**	2
Actuarial gain	**(879)**	(7,950)
Benefits paid	**(645)**	(793)
Benefit obligation at the end of the year	**11,919**	12,812

21. Pension commitments (continued)

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

	2023 £000	2022 £000
Fair value of plan assets at the beginning of the year	**14,448**	21,706
Return on plan assets less than discount rate	**(1,666)**	(7,238)
Employer contribution	**60**	411
Interest income on plan assets	**714**	434
Plan participants' contributions	**-**	2
Benefits paid	**(645)**	(793)
Administrative costs paid	**(87)**	(74)
Fair value of plan assets at the end of the year	**12,824**	14,448

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Fair value of scheme assets	12,824	14,448	21,706	19,527	22,021
Present value of defined benefit obligation	(11,919)	(12,812)	(21,138)	(20,938)	(24,268)
Surplus/(deficit) in the scheme	905	1,636	568	(1,411)	(2,247)

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Experience adjustments arising on plan liabilities	(162)	(78)	(319)	3,990	(427)
Experience adjustments arising on plan assets	-	-	-	-	-

The company had pension commitments included in the Balance Sheet at 30 September 2023 of £nil (2022: £nil) relating to the defined benefit pension scheme and £169,000 (2022: £158,000) relating to the defined contribution pension scheme.

22. Called up share capital

	2023 £000	2022 £000
Authorised, allotted, called up and fully paid		
12,500,000 (2022: 12,500,000) Ordinary shares of £1 each	**12,500**	12,500

All shares rank pari passu for dividend rights and provide the holder with one vote.

23. 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

The capital redemption reserve contains the nominal value of the company's own shares that have been acquired by the company and cancelled.

Profit and loss account

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

24. 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 2023 is 8.73 years (2022: 8.53 years).

The expense recognised for RSUs granted to employees for employee services received during the year to 30 September 2023 is £238,000 (2022: £207,000).

25. Capital commitments

Amounts contracted for, but not provided, in the financial statements for capital spend amounted to £617,000 (2022: £5,192,000).

26. 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, Berkshire, United Kingdom.

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. The ultimate parent undertaking heads up the largest and smallest group in which the company's financial statements are consolidated. Copies of its group financial statements, which include the company, are available from www.bd.com.

27. Post balance sheet events

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, considered the implications of section 37 of the Pension Schemes Act 1993 ("s.37"), and in particular the requirements of s.37 in respect of pension schemes that were formerly contracted-out on a "reference scheme test" basis. The judgement clarifies that where an amendment was made which affected section 9(2B) rights without the necessary section 37 confirmation having been obtained, that amendment would be void.

The case is relevant to the defined benefit pension scheme operated by the Company as it was contracted-out on that basis during the period 7 April 1997 – 5 April 2016 and so the requirements under s.37 that were discussed in the judgement applied to amendments made to the Scheme's governing rules made during that period. It is currently unknown as to whether the company holds valid s.37 confirmations for any amendments made.

Elements of the High Court's decision are subject to an appeal to the Court of Appeal, which is scheduled to be heard in June 2024. However, the Trustees do not know at this stage when the outcome of the appeal will be published and to what extent this will change the legal position following the initial High Court judgement. As matters stand; the case has the potential to cause significant issues in the pensions industry. The Trustees have carried out some initial investigations as to the possible implications with their advisers, but it is not possible at present to estimate the potential impact, if any, on the Scheme.