

Company Registration No. 01231087 (England and Wales)

HAEMONETICS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

HAEMONETICS LIMITED

COMPANY INFORMATION

Directors	Mr A Casanova Mr C L Graham Mr W P Burke
Company number	01231087
Registered office	Lynwood House 373-375 Station Road Harrow Middlesex HA1 2AW
Auditor	RDP Newmans LLP Lynwood House 373-375 Station Road Harrow Middlesex HA1 2AW
Business address	3MB, Middlemarch Business Park Siskin Drive Coventry CV3 4FJ

HAEMONETICS LIMITED

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HAEMONETICS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

The principal activity of the company continued to be that of the marketing of blood processing equipment and disposables with full after sales services.

Section 172(1) statement

Interests of members of the company

The company is a private company and a wholly owned subsidiary of Haemonetics Corporation. The company has three directors who each have representation on the Board. The day-to-day operations of the company are managed by the directors who are closely involved in the activities of the company and provide day-to-day support as and when required.

In common with many private companies the interests of the Board and the ultimate shareholders are broadly aligned in that the company should create value by generating strong and sustainable results.

Board decisions during the year

A dividend amounting to £60,141,271 (2019: £nil) was voted in the year.

During the year we have aimed to continue our position in the market. However due to the changes in product mix, the gross profit margins have slightly decreased. The company has remained profitable and it is expected that the company will continue to be profitable for the foreseeable future.

No other major board decisions were made during the year.

The interests of employees

Our staff are key assets, and the board invests in the staff by encouraging continued development via both formal and informal training, coaching and improving of all relevant skills. People are a key part of our passion and the key role players in the long-term success of the company. Our people strategy focuses on driving learning, growth, accountability and integrity for each person at the company placing them at the centre of everything we do.

The average number of staff for the year was 31 (2019: 33).

We consider that we offer our employees competitive remuneration packages.

Business Relationships

The Board maintains relationships with our key customers and suppliers to ensure that all decisions are balanced and are based on being fully informed and incorporating all viewpoints. In all cases, the board strategy is kept in mind.

Community and Environment

The company recognises the importance of climate change to society and has considered how to preserve the planet by aiming to minimise our carbon footprint. Part of this strategy is to work toward a paperless office, by reducing all printing internally as well as requesting that any documentation from outside the organisation be electronic only.

HAEMONETICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Cultures and values

Our values aligned with our main stakeholder are:

- Think big, take action
- Win together
- Always learn and improve

These values are the drivers that enable the success of the company. With people at the centre of our culture, a significant focus is placed on the well-being of our people and maintaining the unique culture of the company; by nurturing this unique and enabling culture, and fostering a sense of purpose as well as giving our employees the opportunity to grow, develop and maintain a healthy life-balance.

Maintaining a reputation for high standards of business conduct

We are committed to maintaining a reputation of high standards of business conduct. We have an ethics policy for all employees to follow and review this annually. Each year we consider and approve our modern slavery statement which explains the activities we have taken to demonstrate our commitment to seeking to ensure that there is no slavery, forced labour or human trafficking within any part of our business or supply chains.

Fair review of the business

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect growth in the foreseeable future.

The company saw a 1.34% increase in turnover during the year. The gross profit margin has decreased slightly to 36% due to a change in product mix although there has been a slight increase in operating profit margin principally as a result of the reversal of impairment in fixed assets and a decrease in wages.

Principal risks and uncertainties

The ongoing COVID-19 pandemic, or outbreaks of communicable diseases, could have a material adverse impact on our business, financial condition, cash flows and results of operations, which may be heightened if the pandemic and government response to it continue for an extended period of time.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

The company is exposed to foreign currencies fluctuations mainly linked to the investments in foreign companies. Given the long term nature of such investments and the dividends received management believes this risk cannot be mitigated.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis.

Brexit risk

Although the company is not directly trading with entities based in European countries, most of the goods sold by the company are imported in UK and the move towards exiting the European Union poses a risk for the company due to the uncertainty with trade agreements.

The current political situation makes the final outcome of the negotiations between the UK and the EU uncertain. Thus the Company management is monitoring and will respond to any changes arising from Brexit.

HAEMONETICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Covid-19

Product Demand

As a result of COVID-19, we have experienced in the fourth quarter of fiscal 2020, and expect to experience more significantly in fiscal 2021, increased volatility in demand for our products. We also have experienced, and may continue to experience, in certain markets rapid and unpredictable changes in demand for some of our Blood Centre disposable products as blood collectors seek to replenish their blood product inventories and safety stocks. Such changes could impact our ability to meet demand on a timely basis or could result in potential reductions in demand in future periods if the supply of blood held by our customers significantly exceeds the demand for blood from hospitals due to declines of elective surgeries and trauma cases.

Potential Liquidity and Credit Impacts

While we have significant sources of cash and liquidity, we may be adversely impacted by delays in payments of outstanding receivables if our customers experience financial difficulties or are unable to borrow money to fund their operations, which may adversely impact their ability to pay for our products on a timely basis, if at all, which in turn would adversely affect our financial condition.

Development and performance

At the year end the company's current ratio was 1.58 compared to 1.86 in 2019. The decrease indicates the company's short term working capital position during the year has deteriorated due to a larger decrease in the company's current assets compared to the decrease in the current liabilities.

Key performance indicators

The Key Performance Indicators of Haemonetics Limited over the last two years are detailed below:

GBP £'000	2020	2019
Turnover	10,922	10,777
Gross profit %	36.05	36.74
Profit before tax (excluding dividends receivable) %	3.94	3.69

The turnover has increased by 1.34% due to an increase in Bloodtrack sales.

The gross profit margin has decreased slightly due to a change in product mix. The profit before tax margin has increased in comparison with the prior year due to a drive to cut administration costs.

On behalf of the board

Mr A Casanova

Director

8 June 2021

HAEMONETICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Directors

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

Mr A Casanova
Mr C L Graham
Mr W P Burke

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £60,141,271. The directors do not recommend payment of a final dividend.

Post reporting date events

Since 31 December 2019, the consequences of the Coronavirus outbreak have materially and adversely affected businesses worldwide. On 23 March 2020, the UK Government announced a nationwide lockdown which was gradually lifted in June 2020 only to be followed by a second and third lockdown on 5 November 2020 and 5 January 2021. Due to the nature of the company's business, there has been no material impact to the results.

Future developments

The directors expect growth in the present level of turnover and profit for the foreseeable future.

Auditor

The auditors, RDP Newmans LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Mr A Casanova
Director

8 June 2021

HAEMONETICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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;
- 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.

HAEMONETICS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF HAEMONETICS LIMITED

Opinion

We have audited the financial statements of Haemonetics Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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.

HAEMONETICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF HAEMONETICS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Lyndon Perez FCA (Senior Statutory Auditor)
for and on behalf of RDP Newmans LLP

9 June 2021

Chartered Accountants
Statutory Auditor

Lynwood House
373-375 Station Road
Harrow
Middlesex
HA1 2AW

HAEMONETICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	10,921,822	10,777,402
Cost of sales		(6,984,529)	(6,818,236)
Gross profit		3,937,293	3,959,166
Administrative expenses		(3,506,539)	(3,561,550)
Operating profit	4	430,754	397,616
Interest receivable and similar income	8	59,134,256	224
Interest payable and similar expenses	9	(53)	(503)
Profit before taxation		59,564,957	397,337
Tax on profit	10	(392,844)	(52,280)
Profit for the financial year		59,172,113	345,057

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HAEMONETICS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Goodwill	13		182,721		254,046
Tangible assets	14		867,935		881,792
Investments	15		42,383,234		42,383,234
			<u>43,433,890</u>		<u>43,519,072</u>
Current assets					
Stocks	17	97,937		91,725	
Debtors	18	2,851,882		3,311,393	
Cash at bank and in hand		1,823,176		2,292,847	
		<u>4,772,995</u>		<u>5,695,965</u>	
Creditors: amounts falling due within one year	19	(2,998,734)		(3,059,579)	
Net current assets			<u>1,774,261</u>		<u>2,636,386</u>
Total assets less current liabilities			<u>45,208,151</u>		<u>46,155,458</u>
Provisions for liabilities	20		(96,490)		(80,283)
Deferred income	22		(71,712)		(66,068)
Net assets			<u>45,039,949</u>		<u>46,009,107</u>
Capital and reserves					
Called up share capital	25		50,100		50,100
Share premium account			42,383,134		42,383,134
Profit and loss reserves			2,606,715		3,575,873
Total equity			<u>45,039,949</u>		<u>46,009,107</u>

The financial statements were approved by the board of directors and authorised for issue on 8 June 2021 and are signed on its behalf by:

Mr A Casanova
Director

Mr C L Graham
Director

Company Registration No. 01231087

HAEMONETICS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2018		50,000	-	3,230,816	3,280,816
Year ended 31 March 2019:					
Profit and total comprehensive income for the year		-	-	345,057	345,057
Issue of share capital	25	100	42,383,134	-	42,383,234
Balance at 31 March 2019		50,100	42,383,134	3,575,873	46,009,107
Year ended 31 March 2020:					
Profit and total comprehensive income for the year		-	-	59,172,113	59,172,113
Dividends	11	-	-	(60,141,271)	(60,141,271)
Balance at 31 March 2020		50,100	42,383,134	2,606,715	45,039,949

HAEMONETICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	30	(58,999,906)		1,057,799	
Interest paid		(53)		(503)	
Income taxes paid		(409,668)		(105,411)	
Net cash (outflow)/inflow from operating activities		(59,409,627)		951,885	
Investing activities					
Purchase of tangible fixed assets		(561,814)		(457,721)	
Proceeds on disposal of tangible fixed assets		367,514		502,616	
Proceeds on disposal of subsidiaries		-		(42,383,234)	
Interest received		2,066		224	
Dividends received		59,132,190		-	
Net cash generated from/(used in) investing activities		58,939,956		(42,338,115)	
Financing activities					
Proceeds from issue of shares		-		42,383,234	
Net cash (used in)/generated from financing activities		-		42,383,234	
Net (decrease)/increase in cash and cash equivalents		(469,671)		997,004	
Cash and cash equivalents at beginning of year		2,292,847		1,295,843	
Cash and cash equivalents at end of year		1,823,176		2,292,847	

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Haemonetics Limited is a private company limited by shares incorporated in England and Wales. The registered office is Lynwood House, 373-375 Station Road, Harrow, Middlesex, HA1 2AW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Haemonetics Limited is a wholly owned subsidiary of Haemonetics Corporation Inc and the results of Haemonetics Limited are included in the consolidated financial statements of Haemonetics Corporation Inc which are available from its registered office, 400 Wood Road, Braintree, Massachusetts, USA.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover is made up of hospital, blood centre and service sales which comprise both sales of goods and provision of services.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods and acceptance from customer), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 11 years. It is reviewed for impairment at the end of the first financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings leasehold	Straight line over 5 years
Plant & machinery	Straight line over 2-7 years
Computer equipment	Straight line over 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

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

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

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

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

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies and that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. Differences between contributions payable in the year and contributions actually paid are shown as other creditors in the balance sheet.

1.15 Share-based payments

The company operates a group Employee Stock Purchase Plan (the "purchased plan") under which common stock of Haemonetics Corporation, the parent company, may be purchased by all full-time employees.

Share-based payments are charged to the profit and loss account in the year they are payable.

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.17 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of goodwill

Auditing the annual goodwill impairment test was especially complex and judgmental due to the significant estimation required in determining the fair values of the reporting units. In particular, the fair value estimates involve judgmental assumptions including discount rates, terminal values, and the amount and timing of expected future cash flows, which are all affected by expectations about future market or economic conditions and reporting unit specific risk factors.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Hospital	8,281,958	8,252,466
Blood Centre	1,812,685	1,803,187
Service	827,179	721,749
	<u>10,921,822</u>	<u>10,777,402</u>

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

3	Turnover and other revenue	(Continued)	
		2020	2019
		£	£
	Other significant revenue		
	Interest income	2,066	224
	Dividends received	59,132,190	-
		<u> </u>	<u> </u>
		2020	2019
		£	£
	Turnover analysed by geographical market		
	United Kingdom	10,921,822	10,777,402
		<u> </u>	<u> </u>
4	Operating profit	2020	2019
		£	£
	Operating profit for the year is stated after charging/(crediting):		
	Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	21,711	1,424
	Depreciation of owned tangible fixed assets	315,916	381,557
	Impairment of owned tangible fixed assets	-	16,300
	Reversal of past impairment of tangible fixed assets	(26,900)	-
	Profit on disposal of tangible fixed assets	(80,859)	(23,948)
	Amortisation of intangible assets	71,325	71,325
	Operating lease charges	200,557	142,188
		<u> </u>	<u> </u>
5	Auditor's remuneration	2020	2019
		£	£
	Fees payable to the company's auditor and associates:		
	For audit services		
	Audit of the financial statements of the company	20,000	16,250
		<u> </u>	<u> </u>
	For other services		
	All other non-audit services	19,273	18,073
		<u> </u>	<u> </u>

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Directors	3	3
Selling and distribution	28	30
Total	31	33

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,985,332	2,137,431
Social security costs	246,059	257,347
Pension costs	132,740	154,047
	2,364,131	2,548,825

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	204,355	176,570
Company pension contributions to defined contribution schemes	13,326	12,714
	217,681	189,284

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	204,355	176,570
Company pension contributions to defined contribution schemes	13,326	12,714

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

8	Investment income	2020	2019
		£	£
	Interest income		
	Other interest income	2,066	224
	Income from fixed asset investments		
	Income from shares in group undertakings	59,132,190	-
	Total income	59,134,256	224
9	Interest payable and similar expenses	2020	2019
		£	£
	Other finance costs:		
	Other interest	53	503
10	Taxation	2020	2019
		£	£
	Current tax		
	UK corporation tax on profits for the current period	13,955	83,966
	Adjustments in respect of prior periods	(2,363)	(15,203)
	Total UK current tax	11,592	68,763
	Foreign current tax on profits for the current period	365,045	-
	Total current tax	376,637	68,763
	Deferred tax		
	Origination and reversal of timing differences	16,207	(16,483)
	Total tax charge	392,844	52,280

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	59,564,957	397,337
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	11,317,342	75,494
Tax effect of expenses that are not deductible in determining taxable profit	(17,337)	558
Adjustments in respect of prior years	(2,363)	(12,839)
Group relief	-	(1,127)
Permanent capital allowances in excess of depreciation	(50,934)	6,677
Dividend income	(11,235,116)	-
Deferred tax	16,207	(16,483)
Foreign tax	365,045	-
Taxation charge for the year	392,844	52,280

11 Dividends

	2020 £	2019 £
Interim paid	60,141,271	-

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2020 £	2019 £
In respect of:			
Property, plant and equipment	14	-	16,300
Recognised in:			
Administrative expenses		-	16,300

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Impairments

(Continued)

Reversals of previous impairment losses have been recognised in profit or loss as follows:

	Notes	2020 £	2019 £
In respect of:			
Property, plant and equipment	14	26,900	-
		<u>26,900</u>	<u>-</u>
Recognised in:			
Administrative expenses		26,900	-
		<u>26,900</u>	<u>-</u>

13 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2019 and 31 March 2020	1,963,285
Amortisation and impairment	
At 1 April 2019	1,709,239
Amortisation charged for the year	71,325
	<u>1,780,564</u>
At 31 March 2020	1,780,564
Carrying amount	
At 31 March 2020	182,721
	<u>182,721</u>
At 31 March 2019	254,046
	<u>254,046</u>

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Tangible fixed assets

	Land and buildings leasehold £	Plant & machinery £	Computer equipment £	Total £
Cost				
At 1 April 2019	-	3,076,106	4,081	3,080,187
Additions	135,588	426,226	-	561,814
Disposals	-	(396,934)	-	(396,934)
At 31 March 2020	135,588	3,105,398	4,081	3,245,067
Depreciation and impairment				
At 1 April 2019	-	2,194,315	4,080	2,198,395
Depreciation charged in the year	6,779	309,137	-	315,916
Reversal of past impairment	-	(26,900)	-	(26,900)
Eliminated in respect of disposals	-	(110,279)	-	(110,279)
At 31 March 2020	6,779	2,366,273	4,080	2,377,132
Carrying amount				
At 31 March 2020	128,809	739,125	1	867,935
At 31 March 2019	-	881,791	1	881,792

15 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	16	42,383,234	42,383,234

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 April 2019 & 31 March 2020	42,383,234
Carrying amount	
At 31 March 2020	42,383,234
At 31 March 2019	42,383,234

16 Subsidiaries

Details of the company's subsidiary at 31 March 2020 are as follows:

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Subsidiaries (Continued)

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Haemonetics International Holdings GmbH	Switzerland	Intermediate parent company	Ordinary shares	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Haemonetics International Holdings GmbH	179,872,637	62,278,662

17 Stocks

	2020 £	2019 £
Finished goods and goods for resale	97,937	91,725

18 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	2,645,547	3,132,887
Other debtors	367	627
Prepayments and accrued income	205,968	177,879
	<u>2,851,882</u>	<u>3,311,393</u>

19 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Trade creditors		72,060	51,191
Amounts owed to group undertakings		1,858,196	1,799,524
Corporation tax		(26,993)	6,038
Other taxation and social security		232,797	253,946
Deferred income	22	454,015	507,862
Other creditors		64,900	49,015
Accruals and deferred income		343,759	392,003
		<u>2,998,734</u>	<u>3,059,579</u>

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	21	96,490	80,283

21 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	96,490	80,283
Movements in the year:		2020 £
Liability at 1 April 2019		80,283
Charge to profit or loss		16,207
Liability at 31 March 2020		96,490

22 Deferred income

	2020 £	2019 £
Arising from deferred income over one year	525,727	573,930
Current liabilities	454,015	507,862
Shown as deferred income on the face of the balance sheet	71,712	66,068
	525,727	573,930

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	132,740	154,047

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The outstanding contributions at the reporting date are £14,063 (2019: £16,209).

24 Share-based payment transactions

Liabilities and expenses

The company operates a group Employee Stock Purchase Plan (the "purchased plan") under which common stock of Haemonetics Corporation, the parent company, may be purchased by all full-time employees.

The Purchase Plan provides for two "purchase periods" within each of our fiscal years, the first commencing on November 1 of each year and continuing through April 30 of the next calendar year, and the second commencing on May 1 of each year and continuing through October 31 of such year. Shares are purchased through an accumulation of payroll deductions (of not less than 2% or more than 15% of compensation, as defined) for the number of whole shares determined by dividing the balance in the employee's account on the last day of the purchase period by the purchase price per share for the stock determined under the Purchase Plan. The purchase price for shares is the lower of 85% of the fair market value of the common stock at the beginning of the purchase period, or 85% of such value at the end of the purchase period.

The value of share-based payment transactions that took place during the year was immaterial.

25 Share capital

	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
50,100 Ordinary shares of £1 each	50,100	50,100

The company has one class of ordinary shares which carry no right to fixed income.

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

26 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	97,456	66,671
Between two and five years	193,657	35,161
	<u>291,113</u>	<u>101,832</u>

27 Events after the reporting date

The risk arising from market uncertainty due to the worldwide outbreak of Covid-19 in late 2019. On 23 March 2020, the UK Government announced a nationwide lock down which was gradually lifted in June 2020 only to be followed by a second and third lockdown on 5 November 2020 and 5 January 2021 respectively. Similarly, governments across the world have imposed various restrictions to deal with the pandemic. The company's management monitors the situation and responds to changes as necessary.

28 Related party transactions

Transactions with related parties

The company has taken advantage of the exemption available in accordance with FRS 102 para 33.1A not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group.

29 Ultimate controlling party

The smallest and largest group in which the results of Haemonetics Limited are consolidated is headed by Haemonetics Corporation. The consolidated financial statements are available to the public and may be obtained from Haemonetics Corporation, 125 Summer Street, Braintree, MA 02110, Massachusetts, USA.

HAEMONETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

30 Cash (absorbed by)/generated from operations

	2020 £	2019 £
Profit for the year after tax	59,172,113	345,057
Adjustments for:		
Taxation charged	392,844	52,280
Finance costs	53	503
Investment income	(59,134,256)	(224)
Gain on disposal of tangible fixed assets	(80,859)	(23,948)
Amortisation and impairment of intangible assets	71,325	71,325
Depreciation and impairment of tangible fixed assets	289,016	397,857
Increase in deferred income	5,644	66,068
Movements in working capital:		
(Increase)/decrease in stocks	(6,212)	40,113
Decrease/(increase) in debtors	459,511	(899,157)
(Decrease)/increase in creditors	(60,115,238)	1,198,306
Decrease in deferred income	(53,847)	(190,381)
Cash (absorbed by)/generated from operations	(58,999,906)	1,057,799

31 Analysis of changes in net funds

	1 April 2019 £	Cash flows £	31 March 2020 £
Cash at bank and in hand	2,292,847	(469,671)	1,823,176

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.