

BECTON DICKINSON (CME) U.K. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019



BECTON DICKINSON (CME) U.K. LIMITED

COMPANY INFORMATION

Directors	M J Fairbourn E D Hopkin J K Neat S Venkataraman (appointed 5 November 2019)
Registered number	04236707
Registered office	1030 Eskdale Road Winnersh Triangle Wokingham Berkshire RG41 5TS
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 4 Hardman Square Spinningfields Manchester M3 3EB

BECTON DICKINSON (CME) U.K. LIMITED

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BECTON DICKINSON (CME) U.K. LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Business review

The Directors are pleased with trading and results for the year. Strong performance in the year saw turnover increase on an annualised basis by 3.9% to £15,231,126. A continued strategy of tight cost control and focus on product mix has resulted in a strong delivery of profitability. Profit before tax was £609,170.

Since its acquisition in September 2017, the Company has continued to become more fully integrated into the Becton Dickinson (BD) Group of Companies and as a result changes have been made to the operating model. As a consequence of these changes, the Company's exposure to risk has changed significantly. The Company is no longer exposed to risks such as product liability, market risk, foreign exchange risk, credit risk, inventory risk, regulatory risk which are now borne by other BD Group Companies.

The Company continues to pursue a strategy to proactively seek out new and innovative ways to develop specialist medical technology that improves patient care in hospital, in the community and at home and in particular aims to reduce time spent in hospital. As a result, we are continually engaging with our customers and key opinion leaders in order to deliver new and improved products which meet patient needs.

The results of the Company are included in the consolidated financial statements of Becton, Dickinson and Company which are available from www.bd.com

Post year end the most significant event has been the global pandemic caused by Covid 19. The Directors have been reviewing the effect of this on the wider BD group where there will be positive and negative impacts. The positive impact is in areas such as Infusion pumps where we are seeing increasing demand. As this is the main business of the reporting entity the directors are confident that the business will remain viable and indeed see opportunities to grow as a consequence of the increased demand for the Company's core products.

BECTON DICKINSON (CME) U.K. LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Principal risks and uncertainties

The Company uses various financial instruments. These include cash and other items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these instruments exposes the Company to a number of financial risks, which are described in more detail below.

The main risks arising from the Company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Market risk

Market risk encompasses three types of risk, being currency risk, interest rate risk and price risk.

Currency risk

Currency risk is restricted to short term settlement of trading balances with customers and suppliers. Sales and purchases are invoiced in Sterling, so are not subject to currency risk.

Price risk

The Company does not have a significant exposure to price risk on either the purchase or sale of finished products.

Credit risk

A substantial proportion of the Company's turnover is with public sector bodies where financial risk is minimal. Where the Company supplies the private sector the Directors manage its exposure to financial risk by researching the creditworthiness of its customers.

Liquidity risk

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably.

Interest rate risk

The Company finances its operations through cash and retained profits. At the year end there were no interest bearing borrowings.

BECTON DICKINSON (CME) U.K. LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Financial key performance indicators

The Directors consider gross profit, EBITDA and employee numbers to be the key performance indicators. Pricing pressures and limited capital expenditure budgets in the NHS continue to take effect and as such the Company continues to focus on the added value and benefits that it is able to offer its customers in order to release cost savings to them, whilst also improving patient wellbeing.

Future developments

The Directors are confident that the business will continue to expand in 2020 and beyond and will continue to seek out complementary products that fit the Company ethos to deliver better patient outcomes. The Directors believe that the Company has the necessary resources to continue to meet its customer requirements and to increase market share.

This report was approved by the board on 25/6/2020 and signed on its behalf.

Srinidhya Venkataraman

S Venkataraman
Director

BECTON DICKINSON (CME) U.K. LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

The Directors present their report and the financial statements for the year ended 30 September 2019.

Principal activity

The principal activities of the Company are the sale, distribution and servicing of medical infusion devices.

Results and dividends

The profit for the year, after taxation, amounted to £491,752 (2018: £370,474).

No dividends were paid during the year (2018: £11,629).

Directors

The Directors who served during the year were:

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

Directors' responsibilities statement

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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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;
- 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.

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

BECTON DICKINSON (CME) U.K. LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Going concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis on which the directors have reached their conclusion.

The Company currently meets its day to day working capital requirements through intercompany funding. The continuation of the Company's activities is dependent upon the continuing support of its ultimate parent Becton Dickinson.

The directors have concluded, after making enquiries, that they have a reasonable expectation that the Company has access to adequate resources, and the support from its ultimate parent company to enable it to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Disclosure of information to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25/6/2020

and signed on its behalf.

Srividhya Venkataraman

S Venkataraman
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BECTON DICKINSON (CME) U.K. LIMITED

Opinion

We have audited the financial statements of Becton Dickinson (CME) U.K. Limited (the 'Company') for the year ended 30 September 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 Financial Reporting Standard 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 30 September 2019 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BECTON DICKINSON (CME) U.K. LIMITED
(CONTINUED)**

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BECTON DICKINSON (CME) U.K. LIMITED
(CONTINUED)**

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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BECTON DICKINSON (CME) U.K. LIMITED
(CONTINUED)**

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: 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.

A handwritten signature in black ink, appearing to read 'M. Frankish'.

Michael Frankish
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 26/6/2020

BECTON DICKINSON (CME) U.K. LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	15,231,126	11,385,458
Cost of sales		(11,742,076)	(7,814,145)
Gross profit		3,489,050	3,571,313
Distribution costs		(37,384)	(53,317)
Administrative expenses		(1,843,846)	(3,089,180)
Exceptional administrative expenses		(1,099,412)	-
Operating profit	5	508,408	428,816
Interest receivable and similar income	9	101,796	26,885
Interest payable and expenses	10	(1,034)	(283)
Profit before tax		609,170	455,418
Tax on profit	11	(117,418)	(84,944)
Profit for the financial year		491,752	370,474

There were no recognised gains and losses for 2019 or 2018 other than those included in the Statement of Comprehensive Income.

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 13 to 27 form part of these financial statements.

BECTON DICKINSON (CME) U.K. LIMITED
REGISTERED NUMBER:04236707

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	15,507	28,785
Tangible assets	14	629,038	548,490
		<u>644,545</u>	<u>577,275</u>
Current assets			
Stocks	15	1,572,014	2,394,781
Debtors: amounts falling due within one year	16	9,832,289	7,731,091
Cash at bank and in hand	17	75,018	940,384
		<u>11,479,321</u>	<u>11,066,256</u>
Creditors: amounts falling due within one year	18	(5,032,213)	(5,014,907)
Net current assets		<u>6,447,108</u>	<u>6,051,349</u>
Total assets less current liabilities		<u>7,091,653</u>	<u>6,628,624</u>
Provisions for liabilities			
Deferred tax	19	(41,900)	(70,623)
		<u>(41,900)</u>	<u>(70,623)</u>
Net assets		<u><u>7,049,753</u></u>	<u><u>6,558,001</u></u>
Capital and reserves			
Called up share capital	20	1	1
Other reserves	21	-	1,676
Profit and loss account	21	7,049,752	6,556,324
		<u>7,049,753</u>	<u>6,558,001</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25/6/2020

Srividhya Venkataraman

S Venkataraman
Director

The notes on pages 13 to 27 form part of these financial statements.

BECTON DICKINSON (CME) U.K. LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital	Other reserves	Retained earnings	Total equity
	£	£	£	£
At 1 October 2018	1	1,676	6,556,324	6,558,001
Comprehensive income for the year				
Profit for the year	-	-	491,752	491,752
Total comprehensive income for the year	-	-	491,752	491,752
Transfer to/from profit and loss account	-	(1,676)	1,676	-
Total transactions with owners	-	(1,676)	1,676	-
At 30 September 2019	1	-	7,049,752	7,049,753

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital	Other reserves	Retained earnings	Total equity
	£	£	£	£
At 1 January 2018	1	1,676	6,197,479	6,199,156
Comprehensive income for the period				
Profit for the period	-	-	370,474	370,474
Total comprehensive income for the period	-	-	370,474	370,474
Dividends: Equity capital	-	-	(11,629)	(11,629)
Total transactions with owners	-	-	(11,629)	(11,629)
At 30 September 2018	1	1,676	6,556,324	6,558,001

The notes on pages 13 to 27 form part of these financial statements.

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

1. General information

Becton Dickinson (CME) U.K. Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 1030 Eskdale Road, Winnersh Triangle, Wokingham, Berkshire, RG41 5TS.

The principal activities of the Company are the sale, distribution and servicing of medical infusion devices.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The Financial Statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Financial Statements are presented in Sterling (£), being the functional currency.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Becton Dickinson and Company as at 30 September 2019 and these financial statements may be obtained from www.bd.com.

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The following paragraphs set out the basis on which the directors have reached their conclusion.

The Company is profitable and is cash generative, currently meeting its day to day working capital requirements through intercompany funding. The entity is part of a cash pooling function within the group and hence cash position at the year end is £Nil. At the year end CME shows an intercompany debtor to reflect this situation. The continuation of the Company's activities is dependent upon the continuing support of its ultimate parent Becton Dickinson from whom a letter of support has been provided to confirm availability of funds. Going concern has been assessed on the assumption that funds are available throughout the forecasted period.

Consequently the directors have concluded, after making enquiries, that they have a reasonable expectation that the Company has access to adequate resources, and the support from its ultimate parent company to enable it to continue in operational existence for the foreseeable future being a period of not less than 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.4 Revenue

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue arising from the sale of goods is recognised when the goods are dispatched. Revenue arising from the provision of services is recognised over the life of the service contract.

2.5 Intangible assets

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

Amortisation is provided on the following bases:

Computer software	-	25 % Straight line
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BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)**2.6 Tangible fixed assets**

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold properties	- 2% straight line
Plant and machinery	- 25% straight line
Fixtures and fittings	- 25% reducing balance
Computer equipment	- 25% straight line
Products on loan	- 7 years straight line

2.7 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the lease.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)**2.11 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Foreign currency translation

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.18 Provisions for liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)**2.19 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- The useful expected lives of property, plant and equipment;
- The residual values of tangible fixed assets;
- Bad debt provisions;
- Stock provision.

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

4. Turnover

The whole of the turnover is attributable to the principal activity.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	14,600,346	11,007,106
Europe and rest of world	630,780	378,352
	<u>15,231,126</u>	<u>11,385,458</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	210,072	206,507
Amortisation of intangible assets, including goodwill	13,278	22,460
Operating lease rentals - other operating leases	57,000	75,477
Loss on disposal of tangible fixed assets	2,962	9,662
	<u>283,312</u>	<u>314,006</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	18,100	15,650

Fees payable to the Company's auditor and its associates in respect of:

Accounting services	2,500	-
Taxation advisory services	6,550	-
Taxation compliance services	1,500	-
	<u>10,550</u>	<u>-</u>

In the prior year the non-audit fees were borne by the immediate parent company CME UK (Holdings) Limited.

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

7. Employees

Staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	1,075,624	1,591,816
Social security costs	108,847	154,681
Cost of defined contribution scheme	47,798	59,652
	<u>1,232,269</u>	<u>1,806,149</u>

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

	2019	2018
	No.	No.
Management, Sales and Administration	<u>33</u>	<u>61</u>

8. Exceptional items

	2019	2018
	£	£
Exceptional items	<u>1,099,412</u>	<u>-</u>

Exceptional costs of £1,099k (2018:£Nil) are in relation to a restructure in the year and relate to redundancy and contract exit costs.

9. Interest receivable

	2019	2018
	£	£
Interest receivable from group companies	100,795	26,365
Other interest receivable	1,001	520
	<u>101,796</u>	<u>26,885</u>

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	1,034	283
	<u>1,034</u>	<u>283</u>

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	137,288	106,606
Adjustments in respect of prior periods	8,853	-
Total current tax	<u>146,141</u>	<u>106,606</u>
Deferred tax		
Origination and reversal of timing differences	(22,574)	(21,662)
Adjustments in respect of prior periods	(6,149)	-
Total deferred tax	<u>(28,723)</u>	<u>(21,662)</u>
Taxation on profit on ordinary activities	<u>117,418</u>	<u>84,944</u>

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year is higher than (2018: *higher than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>609,170</u>	<u>455,418</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	115,742	86,529
Effects of:		
Fixed asset timing difference	-	(19)
Expenses not deductible for tax purposes	218	477
Other permanent differences	-	(3,054)
Group relief claimed	(3,901)	(4,603)
Adjustments to tax charge in respect of previous periods	8,853	1,892
Adjustments to deferred tax charge in respect of previous periods	(6,149)	-
Adjustments to tax charge in respect of change to average rate	2,655	3,722
Total tax charge for the year/period	<u><u>117,418</u></u>	<u><u>84,944</u></u>

12. Dividends

	2019 £	2018 £
Dividends paid on equity capital	<u>-</u>	<u>11,629</u>

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

13. Intangible assets

	Computer software £
Cost	
At 1 October 2018	229,209
At 30 September 2019	229,209
Amortisation	
At 1 October 2018	200,424
Charge for the year	13,278
At 30 September 2019	213,702
Net book value	
At 30 September 2019	15,507
At 30 September 2018	28,785

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

14. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Products on loan £	Total £
Cost				
At 1 October 2018	272,685	157,471	1,405,852	1,836,008
Additions	2,945	-	293,868	296,813
Disposals	(7,200)	(4,018)	(11,901)	(23,119)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2019	268,430	153,453	1,687,819	2,109,702
Depreciation				
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 October 2018	235,559	139,858	912,101	1,287,518
Charge for the year on owned assets	39,612	17,292	153,168	210,072
Disposals	(7,200)	(3,697)	(6,029)	(16,926)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2019	267,971	153,453	1,059,240	1,480,664
Net book value				
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2019	459	-	628,579	629,038
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2018	37,126	17,613	493,751	548,490
	<hr/>	<hr/>	<hr/>	<hr/>

During the year the depreciation rate for products on loan was changed from 20% reducing balance to 7 years straight line.

During the year all fixtures and fittings and computer equipment, within plant and machinery, were fully written down as they had come to the end of their useful economic life.

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

15. Stocks

	2019 £	2018 £
Finished goods	<u>1,572,014</u>	<u>2,394,781</u>

Stock recognised in cost of sales during the year as an expense was £11,423,601 (2018: £4,519,368).

An impairment loss of £18,431 (2018: £13,983) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

16. Debtors

	2019 £	2018 £
Trade debtors	3,130,100	1,681,603
Amounts owed by group undertakings	152,500	163
Amounts owed by ultimate parent company	6,142,949	5,678,865
Other debtors	-	1
Prepayments and accrued income	53,852	55,430
Corporation tax	352,888	315,029
	<u>9,832,289</u>	<u>7,731,091</u>

An impairment loss of £Nil (2018: £Nil) was recognised against trade debtors.

17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>75,018</u>	<u>940,384</u>

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	113,084	101,986
Amounts owed to ultimate parent company	2,276,125	4,031,856
Other taxation and social security	730,482	312,562
Other creditors	22,963	24,738
Accruals and deferred income	1,889,559	543,765
	<u>5,032,213</u>	<u>5,014,907</u>

19. Deferred taxation

	2019 £	2018 £
At beginning of year	(70,623)	(92,285)
Charged to the profit or loss	28,723	21,662
At end of year	<u>(41,900)</u>	<u>(70,623)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(42,746)	(71,557)
Short term timing differences	846	934
	<u>(41,900)</u>	<u>(70,623)</u>

20. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

BECTON DICKINSON (CME) U.K. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

21. Reserves

Other reserves

Includes the share option scheme and any movements on the options during the prior year. The share option scheme has ended and the remaining reserves have been transferred into retained earnings.

Profit and loss account

Includes all current and prior period retained profits and losses.

22. Commitments under operating leases

At 30 September 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	48,745	47,809
Later than 1 year and not later than 5 years	-	17,403
	<u>48,745</u>	<u>65,212</u>

23. Related party transactions

The Company has taken advantage of the exemption in section 33 of Financial Reporting Standard 102 "Related party disclosures" and has not disclosed transactions with group undertakings.

24. Controlling party

The Company was under control of Becton Dickinson and Company, a company incorporated in USA, which is the Company's ultimate controlling party.

25. Post balance sheet events

The most significant event has been the global pandemic caused by Covid 19. The Directors have been reviewing the effect of this on the wider BD group where there will be positive and negative impacts. The positive impact is in areas such as Infusion pumps where we are seeing increasing demand. As this is the main business of CME UK, the directors are confident that the business will remain viable and indeed see opportunities to grow as a consequence of the increased demand for the Company's core products.