
SMITHS DETECTION GROUP LIMITED

UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022



SMITHS DETECTION GROUP LIMITED

COMPANY INFORMATION

Directors	R. H. C. Carter A. C. McInnes
Registered number	5138140
Registered office	C/O Smiths Detection-Watford Limited Century House Maylands Avenue Hemel Hempstead Hertfordshire HP2 7DE

SMITHS DETECTION GROUP LIMITED

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SMITHS DETECTION GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2022

Introduction

The directors present their strategic report and the audited financial statements for Smiths Detection Group Limited ("the Company") for the year ended 31 July 2022.

Business review

The Company's principal activity is that of an investment holding and divisional management company for the Detection entities within Smiths Group plc ("the Group").

The Company's principal source of income is dividends from subsidiaries and interest on loans to Group undertakings. Expenses incurred by the Company are recharged to its subsidiaries and Group undertakings.

The Company had investments in subsidiary undertakings of £869.3m (2021: £826.7m).

The Company's profit before tax for the financial year is £16.9m (2021: £9.8m) and at 31 July 2022 the Company held net assets of £764.5m (2021: £747.8m).

There were no dividends paid during the year (2021: £nil).

Principal risks and uncertainties

The directors of Smiths Group plc manage the Smiths Group risks at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a disclosure of the Company's risk profile would not be appropriate for an understanding of the activities of Smiths Detection Group Limited. See the Smiths Group plc Annual Report and Accounts pages 46 to 53 for a description of the Smiths Group plc risk management and key risks.

Financial key performance indicators

The directors of Smiths Group plc manage the Group's operations on a consolidated basis using divisional KPI's. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of Smiths Detection Group Limited. The development, performance and position of the Detection division of Smiths Group plc, which includes the Company, is discussed in the Business review section of the Group's Annual report, which does not form part of this report.

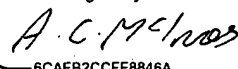
SMITHS DETECTION GROUP LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2022**

Directors' statement of compliance with duty to promote the success of the Company

The directors' Section 172 statement can be found in the Directors Report.

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

DocuSigned by:

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A. C. McInnes
Director

Date: 13 March 2023

to

SMITHS DETECTION GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2022**

The directors present their report and the financial statements financial statements for the year ended 31 July 2022.

The financial statements have been prepared under FRS 101, Reduced Disclosure Framework.

Results and dividends

The profit for the year, after taxation, amounted to £16.1 m (2021: profit 9.6m).

There were no dividends paid during the year (2021: £nil).

Directors

The directors who served during the year and up to the date of signing these financial statements were:

R. H. C. Carter
A. C. McInnes

Financial Risk Management

The Company complies with the Smiths Group plc financial risk management policies. Financial risks are managed on a group basis. See the financial instruments note in the annual report and financial statements of Smiths Group plc for details of how the Group manages foreign exchange rate risks, interest rate risks, credit risks and liquidity risks.

Future developments

It is not envisaged that the Company will initiate any plans to restructure its principal activity in the forthcoming year. The current level of performance is expected to be maintained.

Going concern

The Company's profit for the financial year is £16.1m (2021: £9.6m) and at 31 July 2022 the Company held net assets of £764.6m (2021: £747.8m), however debtors and creditors due within one year were in a net liability position of £207.1m, (2021: £151.3m). The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of its ultimate parent company, Smiths Group plc.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2021: £nil).

SMITHS DETECTION GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2022**

Directors' statement of compliance with their duty to promote the success of the Company

SECTION 172 STATEMENT

The directors of the Company have acted in a way they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members. As part of the Company's deliberations and decision making process, the Board takes into the account the (i) likely consequences of any decision in the long term; (ii) the interests of the company's employees; (iii) the need to foster the company's relationship with suppliers, customers and others; (iv) the impact of the company's operations on the community and the environment; and (v) the desirability of the company maintaining a reputation for high standards of business conduct.

Board governance

The Company is part of the Smiths Group and is ultimately owned by Smiths Group plc ('Group'), which is responsible for setting the overall strategy of the Group, maintaining oversight of the Group's activities and setting its risk appetite.

The Directors fulfil their duties substantially through a governance framework that delegates day-to-day decision making to the cross-functional senior management team and other employees of the Company. The Board will sometimes engage directly with certain stakeholders on specific issues, but the size and distribution of our stakeholders and of the Group means that stakeholder engagement often takes place at an operational level. In these instances, the Board is informed of stakeholder views through management reports and presentations. The Directors believe that governance is best achieved by delegation of their authority subject to defined limits detailed in a clear delegation of authority policy. This policy is consistently embedded across the Smiths Detection group of companies. The governance framework delegates authority for some decision-making to regional subsidiaries up to defined levels of cost and impact, which allows the Company's subsidiaries to take account of the needs of their local stakeholders in decision-making. These subsidiaries report regularly to the Company. Subsidiary companies refer decisions up to the Company as holding company of the Detection group of companies where such decisions are outside of the authority delegated by the Company to its subsidiaries.

The Company's purpose is underpinned by principles and values of integrity, respect, ownership, customer focus and passion. These values are adopted from the Company's ultimate parent, Smiths Group plc and are deeply embedded in the Company's culture, helping to shape decision making.

Engaging with Stakeholders

The Company acknowledges that the success of the Company is dependent on the support of various stakeholders. The Board considers its stakeholders to be our shareholders, customers, employees and wider workforce, suppliers, local communities, lenders and the environment. The Company also took account the views and interests of a wider set of stakeholders including our regulators, the government, and non-government organisations. The Board recognises that building strong relationships with our stakeholders will help deliver the Company's strategy in line with its long-term values and will operate the business in a sustainable way.

The Company does not engage directly with shareholders of its ultimate parent company; however, the Company has regard to the creation of sustainable long-term value for the group's shareholders in decision making. Management of risk is a fundamental part of the business model and systems are in place to identify, report and mitigate risk in the activities of the Company and its subsidiaries.

The Company maintains an open dialogue with its workforce and employees of its subsidiaries. The Company engaged with the workforce through a number of methods in the financial reporting year including town-hall style meetings at site and divisional level, regular news bulletins and briefings from the Board, and employee "My Say" surveys where employees can provide anonymous feedback.

Given the global footprint of the Smiths Detection group and the nature of its business, the Company actively engages with regulatory bodies ensuring that it is keeping up to date with industry regulations and best practice.

SMITHS DETECTION GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2022**

In respect of maintaining a reputation for high standards of business conduct, the Company recognises that culture, values and standards are key to the Company's creation and sustainment of value in the longer term. High standards of conduct guide and assist decision-making within the Company. The Company adopts the policies and practices set at the Smiths Group level, including the Code of Ethics and Group compliance policies. All employees of the Company engage in regular training on ethics matters and are encouraged to report any ethics concerns through a confidential "Speak Out" helpline.

Further explanations of how the Smiths Group Plc board has considered matters set out in section 172 (for the Group and for the Company) can be found on pages 41 to 44 of the Group Annual Report and Accounts for the year ended 31 July 2022, which does not form part of this report.

Employment policies

It is the Company's policy to provide equal opportunities for employment. The Company continues to be actively involved in all aspects of the training and development of young persons, including initiatives designed to ease the transition from school to work. Disabled people are given full consideration for employment and subsequent training (including re-training, if needed, for people who have become disabled), career development and promotion on the basis of their aptitudes and abilities.

Employees are regularly provided with a wide range of information concerning the performance and prospects of the business in which they are involved by means of Employee Councils; Information and Consultation forums; and other consultative bodies that allow the views of personnel to be taken into account. This includes communicating key aspects of the strategic plan and where appropriate consultations on specific change programs.

The Group offers all employees of its subsidiary companies in the US and UK share schemes that enable employees to acquire an interest in Smiths Group plc shares and to align their interests more closely with those of shareholders of Smiths Group plc. The employees of the Company have an opportunity to participate in the UK scheme.

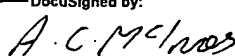
Post balance sheet events

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

Independent auditor

The company is entitled to exemption from audit under section 479A of the Companies Act, 2006 relating to subsidiary companies for the year ended 31st July 2022.

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

DocuSigned by:

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A. C. McInnes
Director

Date: 13 March 2023

SMITHS DETECTION GROUP LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JULY 2022**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

SMITHS DETECTION GROUP LIMITED

**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2022**

	Note	2022 £000	2021 £000
Administrative expenses		(39,388)	(28,903)
Other operating income		10,312	44,609
Operating (loss)/profit	4	<u>(29,076)</u>	<u>15,706</u>
Income from shares in group undertakings	5	5,977	2,847
Amounts written off investments		42,653	(6,300)
Interest receivable and similar income	9	680	788
Interest payable and similar expenses	10	(3,287)	(3,208)
Profit before tax		<u>16,947</u>	<u>9,833</u>
Tax on profit	11	(823)	(204)
Profit for the financial year		<u>16,124</u>	<u>9,629</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss account:		-	-
		-	-
Total comprehensive income for the year		<u>16,124</u>	<u>9,629</u>

The notes on pages 11 to 29 form part of these financial statements.

SMITHS DETECTION GROUP LIMITED
REGISTERED NUMBER: 5138140

BALANCE SHEET
AS AT 31 JULY 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	12	4,974	4,279
Investments in subsidiary companies	13	869,303	826,650
		<u>874,277</u>	<u>830,929</u>
Current assets			
Debtors: amounts falling due after more than one year	14	97,367	68,167
Debtors: amounts falling due within one year	14	27,373	25,430
Cash at bank and in hand	15	100	46
		<u>124,840</u>	<u>93,643</u>
Creditors: Amounts Falling Due Within One Year	16	(234,454)	(176,763)
Net current liabilities		<u>(109,614)</u>	<u>(83,120)</u>
Total assets less current liabilities		<u>764,663</u>	<u>747,809</u>
Provisions for liabilities			
Other provisions	18	(100)	-
		<u>(100)</u>	<u>-</u>
Net assets		<u><u>764,563</u></u>	<u><u>747,809</u></u>
Capital and reserves			
Share Premium Account		355,233	355,233
Other reserves		6,082	5,452
Profit and loss account		403,248	387,124
		<u>764,563</u>	<u>747,809</u>

SMITHS DETECTION GROUP LIMITED
REGISTERED NUMBER:5138140

BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2022

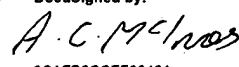
The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Company was entitled to exemption from audit under section 479A of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 March 2023.

DocuSigned by:

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A. C. McInnes
Director

The notes on pages 11 to 29 form part of these financial statements.

The company is entitled to exemption from audit under section 479A of the Companies Act, 2006 relating to subsidiary companies for the year ended 31st July 2022.

The member have not required the company to obtain an audit of its financial statements for the year ended 31st July 2022 in accordance with Section 478 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensures that the company keeps accounting records which comply with Section 386 & 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

SMITHS DETECTION GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2022**

	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 August 2020	355,233	4,738	377,495	737,466
Profit for the year	-	-	9,629	9,629
Share based payments	-	714	-	714
At 1 August 2021	355,233	5,452	387,124	747,809
Profit for the year	-	-	16,124	16,124
Share based payments	-	630	-	630
At 31 July 2022	355,233	6,082	403,248	764,563

The notes on pages 11 to 29 form part of these financial statements.

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

1. General information

The Company is a private company limited by shares and is incorporated and domiciled in the UK. The registered number is 5138140 and the registered address is Century House, Maylands Avenue, Hemel Hempstead, Hertfordshire HP2 7DE.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent is Smiths Group plc which prepares publicly available consolidated group financial statements.

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Notwithstanding net current liabilities of £109,610k as at 31 July 2022, the financial statements of the Company have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors of Smiths Group plc, the ultimate parent company of Smiths Detection Group Limited, have confirmed that Smiths Group plc will continue to provide operational and financial support to the Company to enable it to trade with the Smiths Group and to meet its liabilities in full as they fall due for a period of at least twelve months from the date of approval of these financial statements. The directors have no reason to believe that the ultimate parent company will not be in a position to provide this support and, accordingly, have prepared the financial statements on a going concern basis.

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosure:

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures of transactions with a management entity that provides key management personnel services to the Company; and
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

As the consolidated financial statements of Smiths Group Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

2.3 Foreign currency translation

Exchange differences arising on transactions are recognised in the profit and loss account. Those arising on trading are taken to operating profit; those arising on borrowings are classified as finance income or cost.

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

2. Accounting policies (continued)

2.4 Pensions

The Company participates in a defined contribution pension plan for its employees which is offered through the Fidelity Pension Scheme. All contributions are charged to the profit and loss account in the year to which they relate.

2.5 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.6 Taxation

The charge for taxation is based on profits for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. Tax benefits are not recognised unless it is likely that the tax positions are sustainable. Once considered to be likely, tax benefits are reviewed to assess whether a provision should be made based on prevailing circumstances. Tax provisions are included in current tax liabilities, including any anticipated interest & penalties. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

The Company has recognised deferred tax assets of £nil (2021: £nil) relating to capital allowances. The recognition of these assets is dependent on the ability to recover them against the unwind of other tax positions and forecast UK taxable profits of the tax group. Judgment has been made that a deferred tax asset should not be recognised at 31 July 2022. Further detail on the Company's deferred taxation position is included in note 11.

SMITHS DÉTECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

2. Accounting policies (continued)

2.7 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.

The estimated useful lives range as follows:

Computer software	- up to 7 years
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2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments are reviewed for impairment if and when there are any indicators of potential impairment. If an impairment is required management estimate the recoverable value of the investment and record an impairment in the profit and loss account. Should the recoverable value be lower than the carrying value, the carrying value in the balance sheet is written down accordingly.

2.9 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.

2.10 Financial instruments

Financial assets consist of inter-company receivables and cash held at amortised cost. Financial liabilities consist of inter-company payables and accrued expenses held at amortised cost.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for intercompany debtors.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.11 Changes in accounting policy and disclosures

There were no new accounting standards that impacted the current reporting period.

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

3. Significant judgements, key assumptions and estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of other operating income and expenses during the reporting period. Actual results may differ from these estimates. The key estimates and assumptions used in these financial statements are set out below.

Recoverability of Investments

Investments and other assets are tested for impairment, if there are any indications of impairment, in accordance with the accounting policy set out in note 2.8. For businesses acquired during the year, the recoverable amount has been calculated on a fair value less cost to sell basis. For all other investments and assets, the recoverable amounts are determined based on value in use calculations unless future trading projections cannot be adjusted to eliminate the impact of a major restructuring. The value in use calculations require the use of estimates including projected future cash flows and other future events. Key assumptions used in the value in use calculations were the business' operating margin expected to be realised in future periods and the appropriate discount and perpetuity growth rates.

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

4. Operating (loss)/profit

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

	2022	2021
	£000	£000
Research & development charged as an expense	5,837	479
Amortisation of intangible assets	771	402
Exchange differences	146	(312)
Defined contribution pension cost	643	511

5. Income from shares in group undertakings

	2022	2021
	£000	£000
Smiths Detection (Asia Pacific) Pty Ltd	-	2,847
Smiths Detection Montreal Inc	5,977	-
	5,977	2,847

The dividend from Smiths Detection Montreal Inc was received on 21st April 2022.

6. Auditor's remuneration

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

	2022	2021
	£000	£000
Statutory audit fee	-	25
Group related audit work	315	312
	315	337

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£000	£000
Wages and salaries	9,897	10,318
Social security costs	1,151	1,279
Share based payments	630	714
Other pension costs	643	511
	12,321	12,822

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

	2022	2021
	No.	No.
Administration	91	80

8. Directors' remuneration

The directors who served during the year ended 31 July 2022 were remunerated by Smiths Detection Group Limited and details of their emoluments are provided below.

	2022	2021
	£000	£000
Directors' emoluments	1,001	1,322
Company contributions to defined contribution pension schemes	15	14
	1,016	1,336

The directors provide services both to the Company and a number of other related Smiths Detection Group Limited entities.

Retirement benefits are accruing to one director (2021: one) under a defined contribution scheme.

During the financial year no directors (2021: two) exercised options over shares of Smiths Group plc.

The emoluments for the highest paid director during the year was £677k (2021: £953k).

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

9. Interest receivable and similar income

	2022	2021
	£000	£000
Interest receivable from group companies	680	788
	<u>680</u>	<u>788</u>
	<u><u>680</u></u>	<u><u>788</u></u>

10. Interest payable and similar expenses

	2022	2021
	£000	£000
Interest payable on loans from Group undertakings	3,236	3,174
Bank interest payable	43	29
Other loan interest payable	8	5
	<u>3,287</u>	<u>3,208</u>
	<u><u>3,287</u></u>	<u><u>3,208</u></u>

11. Tax on Profit

	2022	2021
	£000	£000
Corporation tax		
Adjustments in respect of previous periods	331	-
	<u>331</u>	<u>-</u>
	<u><u>331</u></u>	<u><u>-</u></u>
Foreign tax		
Foreign tax on income for the year	492	204
	<u>492</u>	<u>204</u>
Taxation on ordinary activities	<u><u>823</u></u>	<u><u>204</u></u>

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

11. Tax on Profit (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	16,947	9,833
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	3,220	1,868
Effects of:		
Expenses not deductible for tax purposes	7	(120)
Tax charges in foreign jurisdictions	492	204
Unrecognised deferred tax	146	76
Non-taxable income	(1,136)	(541)
Group relief	(2,237)	(1,283)
Adjustments to tax charge in respect of prior periods	331	-
Total tax charge for the year	823	204

Factors that may affect future tax charges

The Company is part of a UK tax group including all the UK subsidiaries of Smiths Group plc.

Smiths Group does not require UK companies to compensate the surrendering company for the receipt of group relief. As a result, no payments or receipts in respect of group relief have been accrued in the current or prior year, and no payments or receipts will be recognised in future years if other group companies have losses available to surrender.

In June 2021, the UK Government enacted an increase in the UK corporation tax rate to 25% from 1 April 2023 for companies with profits over £250,000. From this date, companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

At 31 July 2022, the Company had unrecognised deferred tax assets of £3,793k (2021: £6,423k) relating to:

Capital allowances - £3,793k (2021: £6,423k)

These net tax allowances remain available to the Company and can be utilised should the UK tax base of Smiths Group plc improve.

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

12. Intangible assets

	Computer software £000
Cost	
At 1 August 2021	25,940
Additions - internal	1,466
At 31 July 2022	27,406
Amortisation	
At 1 August 2021	21,661
Charge for the year on owned assets	771
At 31 July 2022	22,432
Net book value	
At 31 July 2022	4,974
<i>At 31 July 2021</i>	4,279

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

13. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 August 2021	826,650
Reversal of past impairments	42,653
	<hr/>
At 31 July 2022	869,303
Net book value	
At 31 July 2022	869,303
	<hr/> <hr/>
<i>At 31 July 2021</i>	<i>826,650</i>
	<hr/> <hr/>

The subsidiaries held by the group are tested for impairment if changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Value in use calculations have been used to determine the recoverable amount of the asset. Value in use is calculated as the net present value of the projected risk adjusted post tax cash flows of the subsidiary which are based on approved budgets and represent the best estimate for future performance. A post tax discount factor of 8.65% has been applied to the model and long term growth rates of 1.45% - 3.45% have been used to extrapolate beyond the most recent forecasts which represent the view of long term average growth rates for the industries in which the subsidiaries operate. The post tax cashflows and post tax discount rates are used in combination to approximate a pre tax value in use calculation as required by IAS 36. In the opinion of the Directors the value of investments in subsidiary undertakings is not less than the aggregate amount at which they are shown in the Company's balance sheet.

During the impairment valuation, for the Smiths Detection Montreal Inc & Smiths Detection France SAS investments, it was determined that indications that had previously led to impairments have ceased to apply, as such the impairment loss of £13,636k & £29,017k recorded respectively until FY21 will be fully reversed in FY22.

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

13. Investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Smiths Detection Investments Ltd	Century House, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7DE, England	Investment holding	Ordinary	100%
Smiths Detection - Watford Limited	Century House, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7DE, England	Manufacturing, research & development, sales and distribution	Ordinary	100%
Smiths Detection Ireland Limited	Suite 3, One Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland	Manufacturing	Ordinary	100%
Smiths Detection (Australia) Pty Limited	Botany Grove Estate Unit 5, 14A Baker Street, Botany, NSW 2019, Australia	Sales and distribution	Ordinary	100%
Smiths Detection Gmbh	Im Herzen 4, Wiesbaden, 65205, Germany	Manufacturing, sales and distribution	Ordinary	100%
Smiths Detection Italia SRL	Via Giotto 3, 20835, Muggio (MB), Italy	Sales and distribution	Ordinary	100%
Smiths Detection (Asia Pacific) Limited	100 Beach Road #20-06 Shaw Towers, 189702, Singapore	Sales and distribution	Ordinary	100%
Smiths Detection Malaysia SDN BHD	Lot 8, Jalan SiLC 1, Kawasan Perindustrian SiLC, Iskanadar Puteri, 79200 Johor Bahru, Johor, Malaysia	Sales and distribution	Ordinary	100%
Smiths Detection Systems Private Limited	Unit No.300, 3rd Floor, Vardhman Crown Mall, Sector-19, Dwarka, New Delhi, West Delhi, DL 110075, India	Distribution	Ordinary	100%
Smiths Detection Inc	2202 Lakeside Boulevard, Edgewood, MD 21040, United States	Manufacturing, sales and distribution	Ordinary	100%
Smiths Detection US Holdings LLC	c/o, The Corporation Service Co., 2711 Centerville Road, Ste. 400, DE, United States	Sales and distribution	Ordinary	100%
Smiths Detection Germany Gmbh	Im Herzen 4, Wiesbaden, 65205, Germany	Manufacturing, sales and distribution	Ordinary	100%

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

13. Investments (continued)**Subsidiary undertakings (continued)**

Name	Registered office	Principal activity	Class of shares	Holding
Smiths Detection Middle East FZE	Dubai Airport free Zone, PO Box 48225, Dubai, United Arab Emirates	Sales and distribution	Ordinary	100%
Smiths Detection Rus LLC	104, Oktyabrskaya nab, bld. 14, Saint Petersburg, the Russian Federation, 193079, Russian Federation	Sales and distribution	Ordinary	100%
Smiths Detection Montreal Inc	3700, Stock Exchange Tower, P.O Box 242, 800 Place Victoria, Montreal, PQ, H4Z 1E9, Canada	Manufacturing, sales and distribution	Ordinary	100%
Smiths Detection France SAS	36 Rue Charles Heller, Vitry sur Seine, F-94400, France	Manufacturing, sales and distribution	Ordinary	100%
SDBR Comercio De Equipamentos De Seguranca LTDA	Rua Tabapua 422 10 andar, Conjuntos 101 a 104, Itaim Bibi, Sao Paulo, CEP 04533-001, Brazil	Sales and distribution	Ordinary	100%
Smiths Detection Thailand	99/3 Moo 5, Kingkaew Road, Tambol Rajatheva, Amphoe Bangplee, Samutprakarn Province, 10540, Thailand	Sales and distribution	Ordinary	100%
Smiths Detection New Zealand Ltd	Quigg Partners, Level 7, 36 Brandon Street, Wellington, 6011, New Zealand	Sales and distribution	Ordinary	100%
Smiths Detection Saudi Arabia LLC	PO Box 59490 Postal Code 11525, Riyadh, Saudi Arabia, International	Servicing and maintenance of equipment	Ordinary	95%
Smiths Detection Japan GK	#2504, Kioicho Garden Tower, 3-10 Kioicho, Chiyoda-ku, Tokyo, Japan	In liquidation	Ordinary	100%
Smiths Detection Hong Kong Ltd	Suite 1106-8, 11/F Tai Yau Building, No 181 Johnston Road, Wanchai, Hong Kong	Sales and distribution	Ordinary	100%
Smiths Detection Germany GmbH	Heselstucken 3, Hamburg, 22453, Germany	Manufacturing, sales and distribution	Ordinary	100%

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

13. Investments (continued)**Subsidiary undertakings (continued)**

Name	Registered office	Principal activity	Class of shares	Holding
Smiths Detection International LLC	2850, Safran Drive, Grand Prairie, TX75052, United States	Sales and distribution	Ordinary	100%
Morpho Detection International Investments LLC	Corporation Service Company, 2711 Centerville Rd, Suite 400, Wilmington, DE, 19808	Dormant	Ordinary	100%
Smiths Detection Mexico S.de RL de C.V.	Paseo de la Reforma 505, Col, Cuauhtemoc, 6500, Ciudad de Mexico, Mexico	Dormant	Ordinary	100%
SMO Detection Equipment (Shanghai) Co., Ltd	Room 923B, No 55, Xili Road, Shanghai, (China) Pilot Free Trade Zone, China	Sales and distribution	Ordinary	100%
Detection Technologies Egypt	Nile City Towers, North Tower, 22nd Floor, Ramlet Boulaq, Nile Cournich, Cairo, Egypt	In liquidation	Ordinary	99%
Smiths Detection US, LLC	1209 Orange Street, Wilmington, DE, 19801, United States	Sales and distribution	Ordinary	100%
Asset and Intelligence Management Services, LLC	Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle, DE 19801	Distribution	Ordinary	100%
Smiths Detection Benelux BV	Bergen 9, 2993 LR Barendrecht	Servicing and maintenance of equipment	Ordinary	100%

The holding percentage shown in the table above is the total holding percentage and includes both direct and indirect holdings.

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

14. Debtors

	2022	2021
	£000	£000
Due after more than one year		
Amounts owed by group undertakings	97,367	68,167
	<u>97,367</u>	<u>68,167</u>
	2022	2021
	£000	£000
Due within one year		
Amounts owed by group undertakings	16,747	23,415
Other debtors	10,160	1,114
Prepayments and accrued income	466	864
Tax recoverable	-	37
	<u>27,373</u>	<u>25,430</u>

As at 31 July 2022 the amounts due within one year from group undertakings arose from interest free recharges of cost totalling £16,740 k whereas have no inter company loan. A credit period of 30 days is given for intra-group trading invoices.

The amounts owed by group undertakings falling due after more than one year and the inter company loans falling due within one year carry interest at 12 month LIBOR rates plus margins of 1.5% to 3%, which is considered to be an arm's length interest rate.

None of the inter-company loans receivable are repayable on demand.

15. Cash at bank and in hand

	2022	2021
	£000	£000
Cash at bank and in hand	100	46
	<u>100</u>	<u>46</u>

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

16. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Amounts owed to group undertakings	232,164	172,641
Trade creditors	240	375
Other taxation and social security	417	316
Accruals	1,629	3,423
Other creditors	-	8
Corporation tax	4	-
	<u>234,454</u>	<u>176,763</u>

Loans owing to the parent undertaking, falling due within one year, are repayable on demand and carry interest at 12 month sterling LIBOR rates plus a margin of 1.5%.

17. Financial instruments

	2022 £000	2021 £000
Financial assets		
Financial assets measured at amortised cost	100	46
Financial assets that are debt instruments measured at amortised cost	114,194	92,696
	<u>114,294</u>	<u>92,742</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(234,033)	(176,447)

18. Other provisions

	Other provisions £000
Charged to profit or loss	100
At 31 July 2022	<u>100</u>

SMITHS DETECTION GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

19. Called up share capital

	2022 £000	2021 £000
Shares classified as equity		
8 (2021: 8) Ordinary shares of £1.00- each	-	-
	<u> </u>	<u> </u>

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

20. Employee share schemes

Company employees participate in share schemes and plans that the ultimate parent company, Smiths Group plc operates for the benefit of employees. All entitlements under the schemes relate to the shares of Smiths Group plc. The Company recognises a charge for the benefit of the employee services realised, and a capital contribution from the Group because the Group does not charge the Company for the costs of these options. The nature of the schemes and plans is set out below:

Smiths Group share option schemes

Long Term Incentive Plan (LTIP)

The LTIP is a share plan under which an award over a capped number of shares will vest after the end of a three-year performance period if performance conditions are met. LTIP awards are made to selected senior executives, including the Executive Directors.

LTIP performance conditions

Each performance condition has a threshold below which no shares vest and a maximum performance target at or above which the award vests in full. For performance between 'threshold' and 'maximum', awards vest on a straight-line sliding scale. The performance conditions are assessed separately; so performance on one condition does not affect the vesting of the other elements of the award. To the extent that the performance targets are not met over the three-year performance period, awards lapse. There is no re-testing of the performance conditions.

LTIP awards have performance conditions relating to organic revenue growth, growth in headline EPS, ROCE, free cash-flow and meeting ESG targets.

Smiths Group Sharesave Scheme (SAYE)

The SAYE scheme is an HM Revenue & Customs approved all employee savings related share option scheme which is open to all UK employees. Participants enter into a contract to save a fixed amount per month of up to £500 in aggregate for three or five years and are granted an option over shares at a fixed option price, set at a discount to market price at the date of invitation to participate. The number of shares is determined by the monthly amount saved and the bonus paid on maturity of the savings contract. Options granted under the SAYE scheme are not subject to any performance conditions.

Smiths Excellence Plan (SEP)

The last Smiths Excellence plan (SEP) grant was issued in October 2019, vested on 31 July 2021 and exercised in October 2021. No further SEP awards have been made.

Range of exercise prices and remaining contractual life

Options outstanding under LTIP schemes at 31 July 2022 have an exercise price of £0.00 (2021: £0.00), with a weighted average remaining contractual life of 1.5 years (2021: 1.4 years).

Options outstanding under SAYE schemes at 31 July 2022 had exercise prices between £9.14 and £13.00 (2021: £9.14 and £13.00), with a weighted average contractual life of 1.6 years (2021: 2.3 years).

Options were exercised on an irregular basis during the period. The average closing share price over the financial year was £14.76p (2021: £15.09p).

Cost of share based payment arrangements

Included within staff costs is an expense arising from share-based payment transactions of £630k (2021: £714k).

SMITHS DETECTION GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

21. Pension commitments

The total expense recognised in the profit and loss account in respect of defined contribution pensions was £643k (2021: £511k).

Historically, staff of the Company participated in the Smiths Industries Pension Scheme, which is a defined benefit pension plan based in the UK. With effect from 1st January 2006, employees of the Company who are members of this scheme became employees of the ultimate parent Company, Smiths Group plc, and now perform their services under contract from that Company. The pension schemes were closed with effect from 31st October 2009.

The assets of the Smiths Industries Pension Scheme are held in a separate trustee-administered fund and the pensions costs are assessed in accordance with the advice of independent, professionally-qualified actuaries. Further details of these pension plans, the actuarial assumptions used and the latest actuarial valuations can be found in the consolidated financial statements of Smiths Group plc for the year ended 31st July 2022.

The pension contribution made by the Company in respect of the defined benefit pension plan was £nil (2021: £nil). In 2022 the Company does not expect to make any payments in respect of the defined benefit pension plan.

22. Contingent liabilities

The Company has a contingent liability under a composite banking arrangement with other companies in the Group, limited to the amount standing to the credit of the Company's own bank account.

23. Controlling party

For the year ended 31 July 2022, Smiths Detection Group Limited was a wholly owned subsidiary of Smiths Group International Holdings Limited.

The ultimate parent undertaking and controlling party is Smiths Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Smiths Group plc is incorporated in the United Kingdom and registered in England and Wales.

The Annual Report of Smiths Group plc may be obtained from the Company Secretary, Smiths Group plc, 11-12 St James's Square, London, SW1Y 4LB.