

Registered number: 00587472

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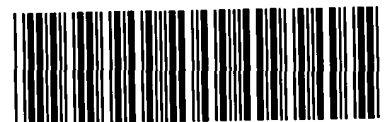
**AMNITEC LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JULY 2020**

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**AMNITEC LIMITED**

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**COMPANY INFORMATION**

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**Directors** A J Bonthron (appointed 1 October 2020)  
P Henry  
C M Hurley (resigned 30 September 2020)

**Registered number** 00587472

**Registered office** Abercanaid  
Merthyr Tydfil  
Mid Glamorgan  
CF48 1UX

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**AMNITEC LIMITED**

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## AMNITEC LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2020

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The directors present their strategic report for the year ending 31 July 2020.

The Company is a private company and a wholly owned subsidiary of the Flex-Tek division of Smiths Group plc. The business environment, strategy and performance on the Flex-Tek division are discussed on pages 58 to 60 of the Smiths Group plc Annual Report FY2020.

#### **Business review**

The Company has been impacted by continued Brexit uncertainty, with lower levels of project sales and fluctuating levels of customer demand both adversely affecting margins.

Trading since March 2020 has been affected by the COVID-19 pandemic disruption impacting both demand and supply in the near term. The Company has remained open throughout providing critical components to many of our customers operating in key industries, as customer demand weakened and social distancing within the workplace reduced capacity this resulted in lower revenue and higher costs. The Company has taken action to reduce costs and protect cash, including the cancellation of discretionary expenditure and the postponement of non-critical capex.

The directors believe the Company is in a good position to manage this period of ongoing uncertainty, given the actions taken to reduce costs and the financial support provided by Flex-Tek.

The Company has invested £1m in a new production line to support the Flex-Tek strategy of expanding the international market for gas tubing. This investment will continue in FY21.

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

COVID-19 is impacting our colleagues, customers, suppliers and operations. This includes: risks to the wellbeing of our people, their families and community; our customers, who have revised their demand forecasts; our suppliers, whose businesses have had challenges maintaining continuity of supply; and our own operations. There could be a reduction in demand for our products or disruption to our ability to deliver products to customers. The Company is utilising the resources and advice provided by the Flex-Tek Crisis team to spot, escalate and resolve issues to continue operating safely.

There is continuing price pressure and competition in the marketplace as well as uncertainty surrounding the value of Sterling. The Company plans on protecting its revenues and profit margins by continuing to focus on selling value added products and assemblies to global customers. This strategy is supported by the Company's quality standards and accreditations, technical expertise, global reach and high quality products.

The production facility is located in an area at risk of flooding. The Company has been working with local authorities to minimise the risk that flooding will impact future production.

#### **Financial key performance indicators**

Turnover, operating profit and net inventory are taken directly from the audited financial statements.

Turnover reduced 37% (after adjusting for the short period in 2019) and the Company moved from an operating profit to an operating loss, reflecting the impact of the difficult trading climate. Inventory reduced 27% as the Company managed this reduction in turnover. The directors are confident that the Company will be able to return to profitability by a targeted strategy to increase turnover and carefully controlling costs.

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**AMNITEC LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

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**Financial performance**

	2020	2019
	£000	£000
Turnover	5,875	5,453
Operating (Loss)/Profit	(796)	696
Net Inventory	1,026	1,399

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**Other key performance indicators**

Attracting, retaining and developing employees is vital to the success of the Company. The key metric is employee engagement which is measured twice annually by Flex-Tek in a confidential survey. In FY20 76% (2019: 86%) of colleagues responded and we had an engagement score of 67 (2019: 77).

The Company strives for a zero-harm workplace, with safety considerations fully integrated into all of our activities. The key metric is recordable incidents. In FY20 the Company had 1 incident (2019: no incidents).

**Financial risk management and funding**

The Company complies with the treasury policies of the Flex-Tek division of Smiths Group plc. The financial risk management objectives, policies and exposures of Smiths Group plc are discussed on pages 186 to 192 of the Smiths Group plc Annual Report FY2020.

The Company manages credit risk on trade debtors. Credit risk is managed separately for each customer. Credit limits are set based on previous experience of the customer and third party credit ratings. Trade debtors are disclosed net of provisions for expected credit loss, calculated based on historical write-offs and the current economic environment.

The Company has a £5m long-term loan facility from an intermediate parent company Flex-Tek Group Limited. At 31 July 2020 £0.6m had been drawn down against that facility.

To assess whether the Company is a going concern, the directors have reviewed the Company's trading performance, the Company's business plans and the support available to the Company for a period of at least 12 months from the date of approval of these financial statements. The directors have relied upon the support available from Smiths Group plc in determining that the accounts should be prepared on a going concern basis.

This report was approved by the board on 29 July 2021 and signed on its behalf.



**A J Bonthron**  
Director

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## AMNITEC LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2020

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

#### 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 Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 judgments 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 to 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.

#### Results and dividends

The loss for the year, after taxation, amounted to £816 thousand (2019 - profit £544 thousand).

The directors do not propose a dividend (2019: no dividend).

Disclosure on financial risk management and funding are included in the strategic report.

#### Directors

The directors who served during the year were:

P Henry  
C M Hurley (resigned 30 September 2020)

A J Bonthron was appointed as a director on 1 October 2020.

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## AMNITEC LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2020

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#### Future developments

It is too early to assess the full impact of COVID-19 but the directors believe the Company is in a good position to manage this period of high uncertainty, given the actions taken to reduce costs and the financial support provided by Flex-Tek.

The directors are confident that the Company will be able to return to profitability by a targeted strategy to increase turnover and carefully controlling costs.

To assess whether the Company is a going concern, the directors have reviewed the Company's trading performance, the Company's business plans and the support available to the Company for a period of at least 12 months from the date of approval of these financial statements (the 'going concern assessment period').

The directors have considered the significant risks the Company is exposed to and modelled the potential impact of these risks on future trading performance by considering the following scenarios:

- (1) Global disruption with ongoing supply chain disruption and low customer demand leading to a 25% revenue shortfall, slower collections from customers and 10% higher raw materials costs.
- (2) Pricing pressure leading to the loss of a key customer.
- (3) Flooding at the Company production site leading to a 7-day closure, repair and refurbishment costs and higher insurance costs.

The Company is funded by a £5m long-term loan facility from the divisional holding company, Flex-Tek Group Limited, and access to the Smiths Group UK cash pooling arrangement.

The directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements through funding from its ultimate parent. Smiths Group plc has indicated its intention to continue to make available such funds as are needed by the company for the going concern assessment period.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Post balance sheet events

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

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**AMNITEC LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JULY 2020**

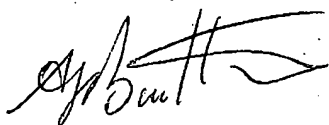
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**Auditor**

KPMG LLP were appointed as auditor on 27 October 2020.

Under section 487(2) of the Companies Act 2006, KPMG LLP will be deemed to have been reappointed as auditor and KPMG LLP therefore continue in office.

This report was approved by the board on 29 July 2021 and signed on its behalf.



A J Bonthron  
Director

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## AMNITEC LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMNITEC LIMITED

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#### Opinion

We have audited the financial statements of AmniTec Limited ("the company") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

#### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMNITEC LIMITED**

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- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

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.



**Alexander Chong (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

66 Queen Square  
Bristol  
BS1 4BE  
30 July 2021

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**AMNITEC LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JULY 2020**

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		31 July 2020 £000	7 months ended 31 July 2019 £000
Turnover	4	5,875	5,453
Cost of sales		(5,296)	(4,124)
<b>Gross profit</b>		<b>579</b>	<b>1,329</b>
Distribution costs		(339)	(202)
Administrative expenses		(1,036)	(431)
<b>Operating (loss)/profit</b>	5	<b>(796)</b>	<b>696</b>
Interest payable and expenses	9	(18)	(15)
Other finance income		(2)	-
<b>(Loss)/profit before tax</b>		<b>(816)</b>	<b>681</b>
Tax on (loss)/profit	10	-	(137)
<b>(Loss)/profit for the financial year</b>		<b>(816)</b>	<b>544</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>(816)</b>	<b>544</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

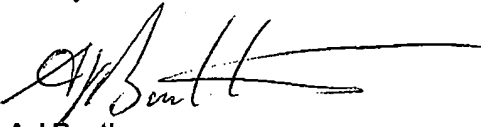
The notes on pages 12 to 26 form part of these financial statements.

**AMNITEC LIMITED**  
**REGISTERED NUMBER: 00587472**

**BALANCE SHEET**  
**AS AT 31 JULY 2020**

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	11	1,573	417
		<u>1,573</u>	<u>417</u>
<b>Current assets</b>			
Stocks	12	1,026	1,399
Debtors: amounts falling due within one year	13	4,818	5,933
Cash at bank and in hand	14	165	71
		<u>6,009</u>	<u>7,403</u>
Creditors: amounts falling due within one year	15	(1,370)	(1,444)
<b>Net current assets</b>		<u>4,639</u>	<u>5,959</u>
<b>Total assets less current liabilities</b>		<u>6,212</u>	<u>6,376</u>
Creditors: amounts falling due after more than one year	16	(600)	-
<b>Net assets</b>		<u><u>5,612</u></u>	<u><u>6,376</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	7,732	7,732
Share premium account	18	192	192
Capital contribution	18	4,852	4,800
Profit and loss account	18	(7,164)	(6,348)
		<u>5,612</u>	<u>6,376</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 July 2021.



**A J Bonthron**  
 Director

The notes on pages 12 to 26 form part of these financial statements.

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**AMNITEC LIMITED**

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**STATEMENT OF CHANGES IN EQUITY )  
FOR THE YEAR ENDED 31 JULY 2020**

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	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 August 2019	7,732	192	4,800	(6,348)	6,376
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(816)	(816)
<b>Total comprehensive income for the year</b>	-	-	-	(816)	(816)
Capital contribution	-	-	52	-	52
<b>Total transactions with owners</b>	-	-	52	-	52
<b>At 31 July 2020</b>	<b>7,732</b>	<b>192</b>	<b>4,852</b>	<b>(7,164)</b>	<b>5,612</b>

The notes on pages 12 to 26 form part of these financial statements.

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**AMNITEC LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JULY 2019**

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Capital contribution</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2019	7,732	192	4,800	(6,892)	5,832
<b>Comprehensive income for the period</b>					
Profit for the period	-	-	-	544	544
<b>Total comprehensive income for the period</b>	-	-	-	544	544
<b>At 31 July 2019</b>	<b>7,732</b>	<b>192</b>	<b>4,800</b>	<b>(6,348)</b>	<b>6,376</b>

The notes on pages 12 to 26 form part of these financial statements.

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## AMNITEC LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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#### 1. General information

AmniTec Limited is a private company limited by shares and incorporated and domiciled in England and Wales. The registered office is Abercanaid, Merthyr Tydfil, Mid Glamorgan, CF48 1UX.

The principal activity of the Company is the manufacture of flexible tubing, hose and assemblies in composite, fluoropolymer and metallic materials.

The Company is a wholly owned subsidiary of the Flex-Tek division of Smiths Group plc.

To assess whether the Company is a going concern, the directors have reviewed the Company's trading performance, the Company's business plans and the support available to the Company for a period of at least 12 months from the date of approval of these financial statements (the 'going concern assessment period').

The directors have considered the significant risks the Company is exposed to and modelled the potential impact of these risks on future trading performance by considering the following scenarios:

- (1) Global disruption with ongoing supply chain disruption and low customer demand leading to a 25% revenue shortfall, slower collections from customers and 10% higher raw materials costs.
- (2) Pricing pressure leading to the loss of a key customer.
- (3) Flooding at the Company production site leading to a 7-day closure, repair and refurbishment costs and higher insurance costs.

The Company is funded by a £5m long-term loan facility from the divisional holding company, Flex-Tek Group Limited, and access to the Smiths Group UK cash pooling arrangement.

The directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements through funding from its ultimate parent. Smiths Group plc has indicated its intention to continue to make available such funds as are needed by the company for the going concern assessment period.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Consequently, the directors are confident the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

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## AMNITEC LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2020

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#### 2. Accounting policies (continued)

##### 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 11.42, 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;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Smiths Group plc as at 31 July 2020 and these financial statements may be obtained from 4th Floor, 11-12 St James's Square, London, SW1Y 4LB.

##### 2.3 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

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.

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AMNITEC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020

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**2. Accounting policies (continued)**

**2.4 Turnover**

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually based on the shipping terms agreed. For sales with Ex Works terms turnover is recognised when the goods are collected.

Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes and duties.

**2.5 Operating leases: the Company as lessee**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.6 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.

**2.7 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 accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

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**AMNITEC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**2. Accounting policies (continued)**

**2.8 Taxation**

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 balance sheet 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 Balance Sheet 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 balance sheet date.

**2.9 Tangible fixed assets**

Tangible fixed assets are shown at cost, net of depreciation and provisions for any impairment.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- over the term of the lease
Plant and machinery	- between 3 and 25 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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**AMNITEC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**2. Accounting policies (continued)**

**2.10 Stocks**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on the estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Costs incurred in bringing each product to its present location and condition are based on:

Raw materials - purchase cost on a first in first out basis, including transport

Work in progress and finished goods - costs of direct materials and labour, plus an appropriate proportion of manufacturing overheads based on normal levels of activity.

**2.11 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.

**2.12 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.13 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.

Amounts drawn on customer invoice discounting facilities with recourse are reported as financial liabilities and measured initially at the fair value of the cash received. Interest and fees on this facility are recognised in the income statement as they are accrued.

**2.14 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 and loans to and from related parties

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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**AMNITEC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.14 Financial instruments (continued)**

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the Company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the business activities which the asset contributes to.
- Determine the useful lives of tangible fixed assets. The actual lives of assets and any residual value are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles, maintenance programs and current utilisation are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Determine the net realisable value of its stocks to provide assurance that the recorded stocks are stated at the lower of cost and net realisable value. Factors incorporated into the assessment of realisable value include: the past and forecast usages of particular stock lines, past and anticipated future competitor actions, supplier prices and wider economic trends
- Determine the impairment provisions for trade debtors and amounts owed by group undertakings based on credit evaluation of the counterparty, past and current settlement experience and wider economic trends.

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**4. Turnover**

The whole of the turnover is attributable to the sale of flexible tubing, hose and assemblies in composite, fluoropolymer and metallic materials.

Analysis of turnover by destination region:

	<b>31 July 2020 £000</b>	<i>7 months ended 31 July 2019 £000</i>
United Kingdom	1,343	1,334
Rest of Europe	1,701	1,156
North America	2,444	2,792
Rest of the world	387	171
	<u>5,875</u>	<u>5,453</u>

**5. Operating loss**

The operating loss is stated after charging:

	<b>31 July 2020 £000</b>	<i>7 months ended 31 July 2019 £000</i>
Exchange differences	(20)	42
Property lease rentals	223	153
Other operating lease rentals	49	25
	<u>          </u>	<u>          </u>

**6. Auditor's remuneration**

	<b>31 July 2020 £000</b>	<i>7 months ended 31 July 2019 £000</i>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>32</u>	<u>35</u>

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

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AMNITEC LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020

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7. Employees

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

	31 July 2020 £000	7 months ended 31 July 2019 £000
Wages and salaries	2,254	1,524
Social security costs	216	140
Cost of defined contribution scheme	121	69
	<u>2,591</u>	<u>1,733</u>

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

	31 July 2020 No.	7 months ended 31 July 2019 No.
Production	77	75
Sales and distribution	7	6
Administration	5	9
	<u>89</u>	<u>90</u>

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8. Directors' remuneration

	31 July 2020 £000	7 months ended 31 July 2019 £000
Directors' emoluments	241	741
Company contributions to defined contribution pension schemes	14	7
	<u>255</u>	<u>748</u>

During the year retirement benefits were accruing to one director (2019 - 1) in respect of defined contribution pension schemes.

All directors emoluments were paid to the highest paid director.

9. Interest payable and similar expenses

	31 July 2020 £000	7 months ended 31 July 2019 £000
Interest payable on invoice discounting facility	18	15
	<u>18</u>	<u>15</u>

**AMNITEC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

**10. Taxation**

	<b>31 July 2020 £000</b>	<i>7 months ended 31 July 2019 £000</i>
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	137
<b>Total deferred tax</b>	-	137
<b>Taxation on profit on ordinary activities</b>	-	137

**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	<b>31 July 2020 £000</b>	<i>7 months ended 31 July 2019 £000</i>
(Loss)/profit on ordinary activities before tax	(816)	681
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(155)	129
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	(15)
Deferred tax not recognised	12	23
Group relief	143	-
<b>Total tax charge for the year/period</b>	-	137

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**AMNITEC LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. Taxation (continued)****Factors that may affect future tax charges**

The Company has tax losses carried forward, capital allowances and other short term timing differences. The deferred tax asset arising from these items has not been recognised because there is insufficient evidence that the asset will be recovered.

The unrecognised deferred tax asset is £498,000 (2019: £300,000). The asset would be recovered if the Company makes sufficient profit from its trading activities in the future.

**11. Tangible fixed assets**

	Leasehold property £000	Plant and machinery £000	Total £000
<b>Cost or valuation</b>			
At 1 August 2019	54	7,305	7,359
Additions	5	1,205	1,210
At 31 July 2020	<u>59</u>	<u>8,510</u>	<u>8,569</u>
<b>Depreciation</b>			
At 1 August 2019	41	6,901	6,942
Charge for the year on owned assets	-	54	54
At 31 July 2020	<u>41</u>	<u>6,955</u>	<u>6,996</u>
<b>Net book value</b>			
At 31 July 2020	<u>18</u>	<u>1,555</u>	<u>1,573</u>
At 31 July 2019	<u>13</u>	<u>404</u>	<u>417</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2020**

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**12. Stocks**

	2020 £000	2019 £000
Raw materials and consumables	685	1,091
Work in progress	35	47
Finished goods and goods for resale	306	261
	<u>1,026</u>	<u>1,399</u>

Stock recognised as an expense during the period was £3,798,000 (2019: £2,266,000)

**13. Debtors**

	2020 £000	2019 £000
Trade debtors	1,177	2,250
Amounts owed by group undertakings	3,272	3,284
Other debtors	162	209
Prepayments and accrued income	207	190
	<u>4,818</u>	<u>5,933</u>

The impairment loss recognised in the statement of comprehensive income for the year in respect of bad and doubtful trade debtors was £nil (2019: £13,000).

Impairment loss provisions of £22,000 (2019: £nil) were released in the year.

**14. Cash and cash equivalents-**

	2020 £000	2019 £000
Cash at bank and in hand	165	71
	<u>165</u>	<u>71</u>

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**15. Creditors: Amounts falling due within one year**

	2020 £000	2019 £000
Trade creditors	835	956
Amounts owed to group undertakings	63	97
Other taxation and social security	74	117
Other creditors	57	42
Accruals and deferred income	341	232
	<u>1,370</u>	<u>1,444</u>

The Company has a secured invoice discounting facility with recourse provided by BNP Paribas. The facility can be terminated by either party subject to one month's notice. The facility is secured by a fixed charge over approved trade receivables and a floating charge over all other assets.

There are no borrowings under this facility at 31 July 2020 (2019: £nil).

**16. Creditors: Amounts falling due after more than one year**

	2020 £000	2019 £000
Amounts owed to group undertakings	600	-
	<u>600</u>	<u>-</u>

Amounts owed to group undertakings comprise the £600,000 drawn down on a £5,000,000 loan facility provided by Flex-Tek Group Limited. Interest is payable annually at 1-year GBP LIBOR plus 0.96%. The outstanding principal and all accrued interest is repayable on 31 July 2025.

**17. Share capital**

	2020 £000	2019 £000
Allotted, called up and fully paid		
7,732,000 (2019 - 7,732,000) Ordinary shares of £1.00 each	<u>7,732</u>	<u>7,732</u>

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**AMNITEC LIMITED**

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**18. Reserves****Share premium account**

The share premium account includes the premium on issue of equity shares, net of any issue costs.

**Other reserves**

Capital contributions comprise £4,801,000 contribution by United Flexible Inc and £52,000 (2019: £nil) benefit to the Company from employee participation in the Smiths Group plc Save as You Earn share scheme.

**Profit and loss account**

The profit and loss account represents cumulative profits and losses, net of dividends paid and other adjustments.

**19. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £121,000 (2019 - £69,000). Contributions totaling £19,000 (2019 - £15,000) were payable to the fund at the balance sheet date and are included in creditors.

**20. Commitments under operating leases**

At 31 July 2020 the Company had total future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Not later than 1 year	137	189
Later than 1 year and not later than 5 years	1,010	690
Later than 5 years	421	811
	<hr/> 1,568	<hr/> 1,690
<b>Other</b>		
Not later than one year	26	26
Later than 1 year and not later than 5 years	20	62
	<hr/> 46	<hr/> 88
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. Related party transactions**

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 and has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

**22. Controlling party**

For the year ended 31 July 2020, the Company was a wholly owned subsidiary of AmniTec Hose Limited, a company registered in England and Wales. The ultimate parent undertaking is Smiths Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

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.