

Registered number: 00192121

JOHN CRANE UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2025

JOHN CRANE UK LIMITED

COMPANY INFORMATION

Directors	C Boland V K Hughes A D Powell R J Sharman (resigned 13 March 2025)
Registered number	00192121
Registered office	Buckingham House 361-366 Buckingham Avenue Slough Berkshire SL1 4LU
Independent auditor	James Cowper Kreston Audit Chartered Accountants and Statutory Auditor Apex Forbury Road Reading Berkshire RG1 1AX

JOHN CRANE UK LIMITED

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JOHN CRANE UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2025

Introduction

The Directors present their Strategic Report on John Crane UK Limited ("the Company") for the year ended 31 July 2025.

Business review

The Company's principal activity in the year is that of the manufacture, assembly and sale of mechanical seals and the engineering and sale of sealing solutions and associated equipment.

The result shows a profit before taxation of £28,412,000 (2024: £4,772,000) for the year on turnover of £72,539,000 (2024: £72,034,000). The large increase in profit in FY25 was mainly due to the increase in Other Operating Income, this increase was driven by the change of policy for intercompany royalties. The main objective of the change in policy was to have a consistent global model (single John Crane UK Limited licence to all countries), simplify the royalty calculation (based on external revenue only), align royalty rates across the division and centralise all future IP development in UK.

The profit improvement has been also due to the increase in sales and reduction in cost of sales, GM 49.8% (2024: GM 32.5%). The Company has not paid any dividends during the year (2024: £nil). The Company has not received any dividends during the year (2024: £nil).

The Company reported a net asset of £91,472,000 (2024: £65,781,000), the main reason for this increase is due to the movement of balance of debtors and creditors in FY25.

Fixed assets have also increased during FY25, £40,628,000 (2024: £35,820,000), this was due to not only the increased activity of capex projects in Slough production facility but also to the continuous investment in IT/Software for process automation.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to several risks.

The Company sells to many parts of the world and is therefore affected by changes in economic and political conditions in these countries, such as availability of foreign currency, exchange rates, interest rates and inflation. The diverse nature of our products and markets helps mitigate these issues. Forward exchange contracts, designated as cash flow hedges, are used to mitigate the foreign exchange risk on purchases and sales.

Many of the raw materials and products purchased are subject to volatility of price and supply. The range of suppliers and products helps to reduce the risks from the supply chain. In addition, commodity prices, especially oil prices, affect global capital investment programmes and therefore we can experience fluctuations in demand from our customers. The volatility of these fluctuations is limited by the geographical, industry and product spread of our portfolio.

The impact of the wars in Ukraine and Israel on the business is limited. However, management continues to monitor the political outcome, and actions are taken where possible to mitigate any potential risks.

Management is of the view that any potential operating cash needs can be supported by the £19,686,000 loan receivable due on demand from the parent company, John Crane Group Limited. Management continues to monitor the impact of the political crisis with Russia and Israel and take actions where possible to mitigate further potential risks.

Other risks include the global and economic conditions, the effect of legislation or other regulatory action and the ongoing volatility of commodity and energy prices.

JOHN CRANE UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2025

Financial key performance indicators

The Directors of Smiths Group plc ("the Group"), manage the Group's operations on a divisional basis. 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 the business of John Crane UK Limited. The development, performance and position of the John Crane division of Smiths Group plc, which includes the Company, is discussed in the Overview section of the Group's Annual report which does not form part of this report.

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

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 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.

The Board considers its stakeholders to be our shareholders, suppliers, local communities and governments, lenders and the environment and took account of 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 operate the business in a sustainable way.

The Company is ultimately owned by Smiths Group plc, which is responsible for setting the overall strategy of the Group maintaining oversight of the Group's activities and setting its risk appetite. 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 a divisional level. In these instances, the Board is informed of stakeholder views through management reports and presentations. Most decisions made by the Board during the year are deemed to be routine in nature and are taken on regular basis.

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



Adam Powell 19 Dec 2025 16:18:03 GMT (UTC +0)

.....
A D Powell
Director

Date: 19 December 2025

JOHN CRANE UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2025

The directors present their report and the financial statements for the year ended 31 July 2025.

Directors

The directors who served during the year were:

C Boland
V K Hughes
A D Powell
R J Sharman (resigned 13 March 2025)

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £23,716,000 (2024 - £1,632,000).

No dividend was paid in the year and the Directors do not recommend the payment of a dividend (2024: £nil).

Future developments

The Directors are satisfied with the position of the Company as at 31 July 2025 and with its future prospects. The order intake at the date of signing these financial statements is very strong, the Directors expect to achieve a similar trading performance in FY26.

JOHN CRANE UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2025

Financial risk management policies

The Company complies with the Smiths Group Plc financial risk management policies. These policies are explained in the Treasury section of the Overview and the financial instruments note (19) included in the Group's Annual report which does not form part of the report.

Operational credit risk:

The Company has implemented policies that require appropriate credit checks on potential customers before credit terms are offered. Customer credit limits are set based on credit ratings, past experience and other factors and subject to regular review. Concentrations of credit risk with respect to trade receivables are limited due to the diverse customer based.

Foreign exchange risk:

The Company makes a proportion of its sales and purchases in foreign currencies, principally US Dollar, Euro and Czech Koruna. The result foreign exchange risks are managed through hedging using financial instruments.

Financing:

Financing is managed on a Group basis. See the financial instruments note (19) in the Annual Report and financial statements of Smiths Group Plc for details of how the Group manages interest rate risks (19)(B), financial credit risks (19)(C) and liquidity risks (19)(D).

Company's policy for payment of creditors

The Company's policy and practice is to pay creditors promptly in accordance with agreed terms of business. The average time the Company took to pay an invoice was 42 days (2024: 41 days).

Research and development activities

The Company continues to fund its research and development activities necessary to support the ongoing needs of the business. R&D spend during the year was £15,572,000 (2024: £9,254,000). The Company has increasingly reinforced its links with leading universities and external research facilities and continues to apply resources to developing new products and processes.

Employee involvement

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.

Employees are regularly provided with a wide range of information concerning the performance and prospects of the business in which they are involved. Methods of communication include regular senior management briefings, Intranet, email communications and announcements. Additionally, employee councils, information and consultation forums, and other consultative bodies allow the views of employees to be considered. Employees are entitled to join the Smiths Group Share Save Scheme, as detailed in note 23.

It is our policy to provide equal employment opportunities. The Company recruits, selects and promotes employees based on their qualifications, skills, aptitude, and attitude. In employment related decisions, we comply with all applicable anti discrimination requirements in the relevant jurisdictions. People with disabilities are given full consideration for employment and subsequent training (including retraining, if needed, for people who have become disabled), career development and promotion based on their aptitudes and abilities. We endeavour to find appropriate alternative jobs for those who are unable to continue in their existing job because of disability.

JOHN CRANE UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JULY 2025

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts to assess going concern which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its parent, John Crane Group Limited, to meet its liabilities as they fall due during the going concern assessment period. Furthermore, the change in royalty policy which was implemented in FY25 has resulted in the Company moving to a more solid profitable position compared to prior financial years. The directors are of the opinion that the FY25 levels of profitability will be maintained by the Company in the short to medium term, this is materially lowering the non-going concern risk for the Company.

Consequently, 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 the financial statements and therefore have prepared the financial statements on a going concern basis.

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company does not meet the threshold for disclosure in the current year.

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.

Auditor

The auditor, James Cowper Kreston Audit, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



Adam Powell 19 Dec 2025 16:18:03 GMT (UTC +0)

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A D Powell
Director

Date: 19 December 2025

JOHN CRANE UK LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN CRANE UK LIMITED****Opinion**

We have audited the financial statements of John Crane UK Limited (the 'Company') for the year ended 31 July 2025, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

JOHN CRANE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN CRANE UK LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

JOHN CRANE UK LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN CRANE UK LIMITED (CONTINUED)****Auditor's responsibilities for the audit of the financial statements**

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of noncompliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

JOHN CRANE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN CRANE UK LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

 Alan Poole

Alan Poole BA (Hons) FCA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston Audit

Chartered Accountants and Statutory Auditor

Apex

Forbury Road

Reading

Berkshire

RG1 1AX

Date: 20 December 2025

JOHN CRANE UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JULY 2025

	Note	2025 £000	2024 £000
Turnover	3	72,539	72,034
Cost of sales		(36,383)	(48,624)
Gross profit		36,156	23,410
Distribution costs		(13,035)	(10,011)
Administrative expenses		(53,304)	(22,582)
Other operating income	4	58,404	13,513
Operating profit	5	28,221	4,330
Interest receivable and similar income	9	529	980
Interest payable and similar expenses	10	(440)	(517)
Other finance income		102	(21)
Profit before tax		28,412	4,772
Tax on profit	11	(4,876)	(3,140)
Profit for the financial year		23,536	1,632
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Reclassification of cash flow hedges to the profit or loss		(607)	208
Net fair value gain/(loss) on cash flow hedges		765	(148)
		158	60
Total comprehensive income for the year		23,694	1,692

The notes on pages 14 to 38 form part of these financial statements.

JOHN CRANE UK LIMITED
REGISTERED NUMBER: 00192121

BALANCE SHEET
AS AT 31 JULY 2025

	Note	2025 £000	2024 £000
Fixed assets			
Intangible assets	12	5,900	6,452
Tangible assets	13	34,702	29,342
Investments in associates	14	26	26
		<u>40,628</u>	<u>35,820</u>
Current assets			
Stocks	15	8,000	7,299
Debtors	16	84,430	70,408
Cash at bank and in hand	17	133	446
		<u>92,563</u>	<u>78,153</u>
Creditors: amounts falling due within one year	18	(29,037)	(34,092)
		<u>63,526</u>	<u>44,061</u>
Net current assets		<u>63,526</u>	<u>44,061</u>
Total assets less current liabilities		<u>104,154</u>	<u>79,881</u>
Creditors: amounts falling due after more than one year	19	(12,682)	(14,100)
		<u>91,472</u>	<u>65,781</u>
Net assets		<u>91,472</u>	<u>65,781</u>
Capital and reserves			
Called up share capital	21	480	480
Hedge reserve	23	460	302
Other reserves	23	15,195	13,198
Profit and loss account	23	75,337	51,801
		<u>91,472</u>	<u>65,781</u>

JOHN CRANE UK LIMITED
REGISTERED NUMBER: 00192121

BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2025

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



Adam Powell 19 Dec 2025 16:18:03 GMT (UTC +0)

.....
A D Powell
Director

Date: 19 December 2025

The notes on pages 14 to 38 form part of these financial statements.

JOHN CRANE UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2025

	Called up share capital	Hedge reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 August 2024	480	302	13,198	51,801	65,781
Comprehensive income for the year					
Profit for the year	-	-	-	23,536	23,536
Reclassification of cash flow hedges to the profit and loss	-	(607)	-	-	(607)
Net fair value gain/loss on cash flow hedges	-	765	-	-	765
Total comprehensive income for the year	-	158	-	23,536	23,694
Equity settled share based payment transactions	-	-	1,997	-	1,997
At 31 July 2025	480	460	15,195	75,337	91,472

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JULY 2024

	Called up share capital	Hedge reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 August 2023	480	242	11,472	50,169	62,363
Comprehensive income for the year					
Profit for the year	-	-	-	1,632	1,632
Reclassification of cash flow hedges to the profit and loss	-	208	-	-	208
Net fair value gain/loss on cash flow hedges	-	(148)	-	-	(148)
Total comprehensive income for the year	-	60	-	1,632	1,692
Equity settled share based payment transactions	-	-	1,726	-	1,726
At 31 July 2024	480	302	13,198	51,801	65,781

The notes on pages 14 to 38 form part of these financial statements.

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025

1. General information

John Crane UK Limited is a private company limited by shares, incorporated, domiciled and registered in the UK. The registered number is 00192121 and the registered address and principal place of business is: 361-366 Buckingham Avenue, Slough, Berkshire, SL1 4LU.

2. Accounting policies

2.1 Basis of preparation of financial statements

The following accounting policies have been applied consistently to all periods presented in these 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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of FRS 101 disclosure exemptions has been taken, except where departure has been disclosed in Note 12.

Consolidated financial statements

As the Company is a wholly owned subsidiary of Smiths Group plc which prepares publicly available consolidated group financial statements, the Company has not prepared consolidated financial statements as permitted by section 400 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking, and not about its group.

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Smiths Group plc as at 31 July 2025 and these financial statements may be obtained from Company Secretary, Smiths Group plc, Level 10 255 Blackfriars Road, London, SQ1 9AX.

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts to assess going concern which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its parent, John Crane Group Limited, to meet its liabilities as they fall due during the going concern assessment period. Furthermore, the change in royalty policy which was implemented in FY25 has resulted in the Company moving to a more solid profitable position compared to prior financial years. The directors are of the opinion that the FY25 levels of profitability will be maintained by the Company in the short to medium term, this is materially lowering the non-going concern risk for the Company.

Consequently, 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 the financial statements and therefore have prepared the financial statements on a going concern basis.

Considering the above, it is considered appropriate to prepare these financial statements on a going concern basis.

2.4 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 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

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 profit or loss within 'other operating income'.

JOHN CRANE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025****2. Accounting policies (continued)****2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Where contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. For service contracts including a goods element, revenue for the separate good is recognised at a point in time when the good is delivered, the legal title has passed and the customer has accepted the good.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

2.6 Other operating income - Royalties**Licensed Product royalties**

The Licensed Product Royalty process ensures that John Crane UK charges royalties on products utilising IP identified in the license agreements in place with John Crane UK, the royalty rate is 10% of the net sales value.

The John Crane UK Finance Team will raise monthly invoices for the royalty charge. The invoices are raised one month in arrears of the associated IP sales and are calculated based on the sales numbers reported by the entity in the previous month, all invoices are payable on normal intercompany terms.

Aftermarket Services royalties

The Aftermarket Services Royalty process ensures that John Crane UK charges royalties on aftermarket services revenue as identified in the license agreements in place with John Crane UK.

Royalties are charged on revenue from repair and service work on certain product lines that benefit from the John Crane brand and business model, the royalty rate is 3% of the sales value. The invoicing process is similar to the one described above for Licensed Product royalties.

JOHN CRANE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025****2. Accounting policies (continued)****2.7 Leases**

The Company leases various assets, comprising land, buildings and vehicles.

The determination whether an arrangement is, or contains, a lease is based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At the inception of the lease, the Company recognises a right-of-use asset and a lease liability. A lease liability is recognised in the balance sheet at the present value of minimum lease payments determined at the inception of the lease. A right-of-use asset of equivalent value is also recognised. Right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life or the lease term.

Right-of-use assets are measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the adoption date, less any lease incentives received at or before the adoption date. Right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be fully recoverable.

Lease liabilities are measured at amortised cost using the effective interest rate method. Lease payments are apportioned between a finance charge and a reduction of the lease liability based on the constant interest rate applied to the remaining balance of the liability. Interest expense is included within the "Interest expense and similar changes" line item in the Statement of Comprehensive Income.

The lease payments comprise fixed payments, and include any penalty payments for terminating the lease, if the lease term reflects the lessee exercising that option. Lease liability is adjusted for any prepayment.

The lease term determined comprises the non-cancelable period of the lease contract. Periods covered by an option to extend the lease are included if the Company has reasonable certainty that the option will be exercised and periods covered by the option to terminate are included if it is reasonably certain that this will not be exercised.

The lease liability is subsequently remeasured (with a corresponding adjustment to the related right-of-use-asset) when there is a change in future lease payments due to a renegotiation or market rent review, a change of an index or rate or a reassessment of the lease term.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight-line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025

2. Accounting policies (continued)

2.9 Interest income

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

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Pensions

The Company's principal arrangements are provided through the independent Smiths Industries Pension Scheme (SIPS), and TI Group Pension Scheme (TIGPS), defined benefit pension plans. The Company accounts for both schemes as if they were defined contribution schemes in accordance with 'IAS 19: Employee benefits' rules for defined benefit schemes that share risks between entities under common control.

2.12 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 date 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.

JOHN CRANE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025****2. Accounting policies (continued)****2.13 Taxation**

Tax is recognised in profit or loss 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.

2.14 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

JOHN CRANE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025****2. Accounting policies (continued)****2.15 Other intangible assets**

Other intangible assets comprise of definite life computer software where amortisation is charged using the straight-line method at a typical rate of 25%. Amortisation is charged to administration costs.

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.

2.16 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any recognised impairment losses.

Land is not depreciated. Depreciation is provided on other assets estimated to write off the depreciable amount of relevant assets by equal annual installments over their estimated useful lives. In general, the rates used are:

Freehold and long leasehold buildings - up to 25 years,
Short leasehold property and leasehold improvements - up to the period of the lease,
Motor vehicles - up to the period of the lease,
Plant, machinery, computer software etc. - 10% to 25%,
Tools and other equipment - 10% to 33%.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

No borrowing costs are capitalised as part of tangible fixed assets.

2.17 Development costs

Research and development expenditure is charged to the Statement of Comprehensive Income in the year in which it is incurred.

2.18 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.19 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.20 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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

JOHN CRANE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025****2. Accounting policies (continued)****2.21 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. For the accounting treatment of PP receivable refer to the critical accounting policies in paragraph 2.25.

2.22 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.

2.23 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

The Company comprises of both OTM and ITM derivatives. They are carried in the Balance Sheet at fair value recognised in the Income Statement.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

JOHN CRANE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025****2. Accounting policies (continued)****2.25 Hedge accounting**

The Company uses foreign currency forward contracts to manage its exposure to cash flow risk on its foreign currency trading payments and receipts. These derivatives are designated as hedging instruments and are measured at fair value at each balance sheet date.

To the extent the cash flow hedge is effective, movements in the fair value of hedging instruments are recognised in other comprehensive income and presented in a separate cash flow hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. Any ineffective portions of those movements are recognised immediately in profit or loss for the year.

Gains and losses recognised in the hedging reserve in shareholders' equity on forward foreign exchange contracts designated as cash flow hedges will be released to the statement of comprehensive income within one year from the balance sheet date.

2.26 Estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

Accounting estimates**Inventory provision**

Stock that is expected to be obsolete or held in excess of demand is provided for based on historical usage levels. In addition, provisions are made against stock that is expected to be sold at below cost based on the likely future order price.

Management uses judgement based on the best available facts and circumstances, including but not limited to evaluation of individual inventory items' utilization. While it is believed that the Company's judgments and estimates are reasonable and appropriate, the amount and timing of recorded provision for inventory obsolescence and carrying value of inventories for any period could be materially affected by judgments or estimates made.

The current level of inventory provision is £1,411,000 (2024: £1,141,000).

Performance Plus contracts

The Company holds a number of Performance Plus service contracts that require the customer to buyback the stock held for the customer on expiry. Since the control over the stock has been transferred to the customer, the stock is derecognised and a debtor balance recognised for the expected settlement amount. This debtor is revalued each period based on the latest stock level and price. The total value of such debtors at the balance sheet date was £4,568,000 (2024: £5,484,000).

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

2. Accounting policies (continued)

Accounting judgements

Impairment of tangible and intangible assets including goodwill

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. On a regular basis, management determines if there are triggering events or impairment indicators based on current circumstances. An impairment loss would be recognised whenever evidence exists that the carrying value is not recoverable.

As at 31 July 2025 no provision for impairment has been recognised in the absence of any indicator of impairment.

3. Turnover

An analysis of turnover by geographical area has not been provided because, in the opinion of the Directors, such an analysis would be seriously prejudicial to the interests of the business.

4. Other operating income

	2025 £000	2024 £000
Royalty receivable from sales of goods	57,987	8,583
Royalty receivable from provision of service	417	4,930
	<u>58,404</u>	<u>13,513</u>

5. Operating profit

The operating profit is stated after charging:

	2025 £000	2024 £000
Research & development charged as an expense	1,413	1,332
Depreciation of tangible fixed assets	2,757	2,731
Gain or loss from the disposal of tangible assets	(82)	(72)
Inventory recognised as an expense in the year	34,021	36,539
Amortisation of intangible assets	449	282
Impairment of inventory	444	372
Exchange differences	(161)	557
Share-based payments	1,997	1,727
Defined contribution pension cost	5,231	4,687
	<u>58,404</u>	<u>13,513</u>

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

6. Auditor's remuneration

	2025 £000	2024 £000
Fees payable to the Company's auditor and their associates in respect of: Audit of the Company	114	110
	<u>114</u>	<u>110</u>

7. Employees

Staff costs were as follows:

	2025 £000	2024 £000
Wages and salaries	32,706	29,127
Social security costs	4,344	3,742
Share based compensation	1,997	1,727
Other pension costs	5,231	4,687
	<u>44,278</u>	<u>39,283</u>

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

	2025 No.	2024 No.
Production	132	123
Sales	98	86
Administration	251	243
	<u>481</u>	<u>452</u>

8. Directors' remuneration

	2025 £000	2024 £000
Directors' emoluments	1,242	1,233
Directors' share awards	712	435
Company contributions to defined contribution pension schemes	68	51
	<u>2,022</u>	<u>1,719</u>

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

	2025 £000	2024 £000
The highest paid director emoluments were as follows:		
Total amount of emoluments and amounts (excl. shares) receivable under long term incentive schemes	457	521
Directors' share awards	494	312
Company contributions to defined contribution pension schemes	31	30
	<u>982</u>	<u>863</u>

The Directors provide services both to the Company and a number of other related Smiths Group plc entities. Aggregate emoluments represent the remuneration which is paid directly from the Company to the Directors. Retirement benefits are accruing to no Directors (2024: none) under TI Group defined benefit pension scheme. During the financial year no Directors (2024: none) exercised options over shares of Smiths Group plc.

The directors' remuneration amounts above relate to emoluments received by 4 directors (2024: 4). The directors' remuneration notes above relates to A D Powell, R J Sharman, H V Katreece and C Boland in 2025.

The long term incentive plans are share-based payments and are paid by Smiths Group plc and are disclosed within the financial statements of Smiths Group plc.

9. Interest receivable

	2025 £000	2024 £000
Interest receivable from group companies	<u>529</u>	<u>980</u>

10. Interest payable and similar expenses

	2025 £000	2024 £000
Bank interest payable	40	52
Other loan interest payable	57	116
Finance leases and hire purchase contracts	343	349
	<u>440</u>	<u>517</u>

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

11. Taxation

	2025 £000	2024 £000
Corporation tax		
Current tax on profits for the year	4,876	3,140
Total current tax	<u>4,876</u>	<u>3,140</u>
Tax on profit	<u>4,876</u>	<u>3,140</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2024 - higher than) the standard rate of corporation tax in the UK of 25% (2024 - 25%). The differences are explained below:

	2025 £000	2024 £000
Profit on ordinary activities before tax	<u>28,412</u>	<u>4,772</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024 - 25%)	7,103	1,193
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(234)	-
Deferred tax recognition	(2,285)	-
Research and development tax credits	153	20
Withholding tax suffered	4,720	3,121
Double tax relief	-	(3,121)
Group relief	(4,581)	1,927
Total tax charge for the year	<u>4,876</u>	<u>3,140</u>

At 31 July 2025 the Company had unrecognised deferred tax assets of £12,625,949 (2024: £10,117,000) with gross value of £50,503,797 (2024: £40,469,000) relating to timing differences on fixed assets, pension contribution and SBP, calculated at 25% (2024: 25%). The value of these assets is reviewed regularly and is dependent on the ability to recover them against forecast UK taxable profits. Based on this review it is currently determined that these assets are not likely recoverable.

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 payment or receipts will be recognised in future years if other group companies have losses available to surrender.

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

12. Intangible assets

	Goodwill £000	Computer software £000	Total £000
Cost			
At 1 August 2024	9,279	21,369	30,648
Additions	-	1,601	1,601
Intercompany transfers	-	(1,704)	(1,704)
At 31 July 2025	<u>9,279</u>	<u>21,266</u>	<u>30,545</u>
Amortisation			
At 1 August 2024	7,004	17,192	24,196
Charge for the year	-	449	449
At 31 July 2025	<u>7,004</u>	<u>17,641</u>	<u>24,645</u>
Net book value			
At 31 July 2025	<u>2,275</u>	<u>3,625</u>	<u>5,900</u>
At 31 July 2024	<u>2,275</u>	<u>4,177</u>	<u>6,452</u>

JOHN CRANE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025****12. Intangible assets (continued)**

Intangible assets include computer software, of which £3,212,000 (2024: £3,721,000) is under construction.

The Company's goodwill comprises of the purchased goodwill arising from the acquisition of the trade and assets of UK Sealol Division of EG & G UK Limited on April 1998 and the trade and assets of Flexibox Limited in January 2000. Goodwill arising from acquisition of subsidiaries before 1 August 1998 was set against reserves in the year of acquisition. The Company accounts for goodwill in accordance with the requirements of IFRS as applied under FRS 101.

As a result, IFRS 3 is applied and goodwill is not amortised. Instead an annual impairment test is performed and any required impairment is recognised in the Statement of Comprehensive Income. The non-amortisation of goodwill is a departure from the Company Law requirement that acquired goodwill should be written off over its useful economic life. The Company has adopted this accounting policy for the overriding purpose of giving a true and fair view by preparing its accounts in accordance with applicable accounting standards, following the process required by Companies Act 2006 in this situation.

The accumulated amortisation of goodwill was charged before the transition date to FRS 101 of 1 August 2014 when the accounts were prepared under different accounting standards. It is not possible to quantify the effect of the departure from the Companies Act, because a finite life for the goodwill has not been identified. However, under the previously applied accounting standards, goodwill would have been fully amortised as at reporting date. The effect of amortising would be a charge of £2,275,000 against operating profit, and a corresponding reduction in the carrying value of goodwill on the balance sheet to nil.

Goodwill is monitored at the John Crane UK Limited level by the Company for internal reporting purposes and therefore John Crane UK Limited is treated as one cash generating unit. The recoverable amount of the cash generating unit is assessed annually using a value in use model. Value in use is calculated as the net present value of the projected risk-adjusted post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. The key assumptions included in the model is the 5 years of specific cash flows, the terminal growth rate of 2.1% (2024: 2.1%) and the discount rate of 9.5% (2024: 9.5%). The valuation indicates there is sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in an impairment of the related goodwill.

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

13. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Other assets £000	Total £000
Cost or valuation						
At 1 August 2024	2,348	22,521	20,894	7,628	1,234	54,625
Additions	-	525	6,522	1,076	201	8,324
At 31 July 2025	<u>2,348</u>	<u>23,046</u>	<u>27,416</u>	<u>8,704</u>	<u>1,435</u>	<u>62,949</u>
Depreciation						
At 1 August 2024	1,631	6,726	11,194	5,059	673	25,283
Charge for the year	90	1,573	871	187	243	2,964
At 31 July 2025	<u>1,721</u>	<u>8,299</u>	<u>12,065</u>	<u>5,246</u>	<u>916</u>	<u>28,247</u>
Net book value						
At 31 July 2025	<u>627</u>	<u>14,747</u>	<u>15,351</u>	<u>3,458</u>	<u>519</u>	<u>34,702</u>
At 31 July 2024	<u>717</u>	<u>15,795</u>	<u>9,700</u>	<u>2,569</u>	<u>561</u>	<u>29,342</u>

The net book value of land and buildings may be further analysed as follows:

	2025 £000	2024 £000
Freehold	627	717
Long leasehold	14,747	15,794
	<u>15,374</u>	<u>16,511</u>

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

	2025 £000	2024 £000
Tangible fixed assets owned	19,843	14,322
Right-of-use tangible fixed assets	14,860	15,020
	<u>34,703</u>	<u>29,342</u>

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

13. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2025 £000	2024 £000
Long- term lease hold property	14,336	14,459
Motor vehicles	524	561
	<u>14,860</u>	<u>15,020</u>

Depreciation charge for the year ended

	2025 £000	2024 £000
Long- term lease hold property	1,381	1,366
Motor vehicles	243	186
	<u>1,624</u>	<u>1,552</u>

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

14. Fixed asset investments

	Investments in associates £000
Cost or valuation	
At 1 August 2024	26
At 31 July 2025	<u>26</u>
Net book value	
At 31 July 2025	<u>26</u>
At 31 July 2024	<u>26</u>

Cost at 1 August 2024 and at 31 July 2025 is stated net of an impairment provision of £7,000 charged in the year ended 31 July 2022 against John Crane Iskra, as described further below.

The Company has the following investments as at the year end.

Company name	Class of shares	Holding (%)
TI Group Automotive Systems Argentina (1)	Ordinary	5
John Crane Iskra (2)	Ordinary	50 (no controlling interest)

Ref Registered Office

(1) Centro Industrial Garin, Panamericana km 37.5m, Calle Mozart Lote 40 IB1619EAL - Garin, Provincia de Buenos Aires, Argentina

(2) Akademia Vedeneeva str., 28, 614038 Perm, Russia

The investment in John Crane Iskra was fully impaired in FY22, this is due to the stringent international sanctions with Russia which were implemented in the second half of FY22 and the consequent prohibition to carry out any normal business transaction with JC Iskra.

15. Stocks

	2025 £000	2024 £000
Raw materials and consumables	9	77
Work in progress (goods to be sold)	2,465	3,079
Finished goods and goods for resale	5,526	4,143
	<u>8,000</u>	<u>7,299</u>

Stocks are stated after provision for impairment of £1,141,000 (2024: £1,141,000).

JOHN CRANE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

16. Debtors

	2025 £000	2024 £000
Due after more than one year		
Contract assets	4,568	5,484
	<u>4,568</u>	<u>5,484</u>
Due within one year		
Trade debtors	8,254	6,396
Amounts owed by group undertakings	48,147	46,601
Other debtors	572	494
Prepayments	1,039	969
Loan receivable due from parent company	19,686	9,116
Corporation tax repayable	1,318	143
Other financial instruments (see note 21)	846	1,205
	<u>84,430</u>	<u>70,408</u>

Trade receivables are stated after provisions for impairment of £2,899,043 (2024: £1,237,000).

The interest due on the amounts owed by the parent undertaking is equal to the SONIA rate (Sterling Overnight Interbank Average). The outstanding principal of the loan and all accrued interest amounting to £19,686,000 shall be repaid upon demand in writing by the lender.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

17. Cash and cash equivalents

	2025 £000	2024 £000
Cash at bank and in hand	133	446
	<u>133</u>	<u>446</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025

18. Creditors: Amounts falling due within one year

	2025 £000	2024 £000
Trade creditors	4,827	3,867
Amounts owed to group undertakings	12,952	23,364
Other taxation and social security	1,744	1,481
Lease liabilities	1,746	1,469
Other creditors	3,458	501
Accruals	3,910	2,371
Financial instruments	400	1,039
	<u>29,037</u>	<u>34,092</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

19. Creditors: Amounts falling due after more than one year

	2025 £000	2024 £000
Lease liabilities	<u>12,682</u>	<u>14,100</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. Financial instruments

	2025 £000	2024 £000
Financial assets		
Derivative financial instruments designated as cash flow hedges	979	1,205
Loans and receivables	56,971	101,466
	<u>57,950</u>	<u>102,671</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(400)	(1,039)
Financial liabilities measured at amortised cost	(25,148)	(80,387)
	<u>(25,548)</u>	<u>(81,426)</u>

Derivative financial instruments comprise of foreign currency contracts designated as cash flow hedges against foreign currency movements in sales and purchases.

Gains and losses recognised in the hedging reserve in shareholders' equity on forward foreign exchange contracts designated as cash flow hedges will be released to the statement of comprehensive income within one year from the balance sheet date. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 July 2024 were £47,986,000 (2024: £97,933,000). In the year £682,000 (2024: £763,000) was reclassified from the hedge reserve to the profit and loss as a result of maturing cash flow hedges. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

21. Share capital

	2025 £000	2024 £000
Authorised		
2,280,000 (2024 - 2,280,000) Ordinary shares shares of £1.00 each	<u>2,280</u>	<u>2,280</u>
Allotted, called up and fully paid		
280,000 (2024 - 280,000) Ordinary shares shares of £1.00 each	<u>280</u>	<u>280</u>
Allotted, called up and partly paid		
2,000,000 (2024 - 2,000,000) Ordinary share shares of £0.10 each	<u>200</u>	<u>200</u>

As 31 July 2025 the Company's issued share capital is made by ordinary shares. None of the ordinary shares carry any special rights with regard to control of the Company or distributions made by the Company. There are no known agreements relating to, or restriction on, voting rights attached to the ordinary shares. There are no restrictions on the transfer of shares, and there is no requirement to obtain approval for a share transfer. There are no known arrangements under which financial rights are held by a person other than the holder of the ordinary shares. There are no known limitations on the holding of the shares.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2025

22. Share-based payments

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 Schemes (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 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.

Range of exercise prices and remaining contractual life

Options outstanding under LTIP schemes at 31 July 2025 have an exercise price of £0.00 (2023: £0.00), with a weighted average remaining contractual life of 1.5 years (2024: 1.5 years).

Options outstanding under SAYE schemes at 31 July 2025 had exercise prices between £10.01 and £12.00 (2024: £11.63 and £13.37), with a weighted average contractual life of 2.5 years (2024: 2.5 years).

Options were exercised on an irregular basis during the period. The average closing share price over the financial year was £19.00 (2024: £16.56).

Cost of share-based payment arrangements

Included within staff costs is an expense arising from share-based payment transactions of £1,997,000 (2024: £1,727,000).

JOHN CRANE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

23. Reserves

Hedge reserve

This reserve deals with the gains and losses of the effective hedging arrangements on forward currency contracts, these are used by JCUK to mitigate the exposure to currency fluctuations of CZK, USD and EUR.

Other reserves

This reserve deals with the SBP and the balance carried forward of prior periods internal restructuring transactions like the Flexibox Ltd dissolution.

Profit and loss account

This reserve contains the balance of retained earnings to carry forward.

24. Leases

Company as a lessee

In calculating the lease liability to be recognised on adoption of IFRS 16, the Company used Smiths Group plc's discount rate ranging from 2.5% to 7.8% depending on the specific asset value and the length of lease.

Lease liabilities are due as follows:

	2025 £000	2024 £000
Not later than one year	1,746	1,469
Between one year and five years	12,682	14,100
	<u>14,428</u>	<u>15,569</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2025 £000	2024 £000
Interest expense on lease liabilities	343	350
Lease payments	<u>(2,063)</u>	<u>(1,300)</u>

JOHN CRANE UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025****25. Pension commitments**

Staff of the Company participated in the Smiths Industries Pension Scheme (SIPS) and the TI Group Pension Scheme (TIGPS), defined benefit pension plans in the UK. With effect from 1 January 2006, a number of employees of the Company who are members of the SIPS scheme became employees of the ultimate parent Company, Smiths Group plc, and now perform their services under contract from that Company. These pension schemes were closed to future accrual with effect from 31 October 2009.

The assets of these schemes 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 31 July 2025.

The pension cost for the Company in respect of the defined benefit pension plans was £0 (2024: £0). This represents contributions payable to Smiths Group plc which is responsible for making contributions to the pension funds on behalf of the Group as a whole.

For the SIPS the Company contributions are set with respect to the current service period only, so the Company will account for any contributions as if the scheme was a defined contribution scheme.

For the TIGPS, the Company made no contribution for the year as part of the funding plans which Smiths Group has agreed with the trustees. The Company is accounting for this scheme as if the scheme was a defined contribution scheme, because the Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. Given the complex history of mergers, acquisitions and disposals which have affected TIGPS, it is not possible to allocate the scheme members to the participating employers. Smiths Group plc is the sponsoring employer for this scheme. The net defined benefit obligation is recorded in the individual company accounts of Smiths Group plc. Further information on the assumptions and other details of the defined benefit schemes can be found in the Smiths Group annual report, which includes the individual accounts for the Smiths Group plc. The triennial valuation of the scheme was performed using the Projected Unit Method in 2020.

The Company also provides a defined contribution pension plan for its employees. The cost of the contributions for this plan were £5,231,000 (2024: £4,637,000). The outstanding contributions at the balance sheet date for this plan were £nil (2024: £nil).

26. Other financial commitments

Contracts placed for future capital expenditure not provided in the financial statements £7,897,000 (2024: £5,964,000), these should be settled within the next three financial years from date of this financial statements.

Future capital expenditure authorised by Directors but not contracted and not provided in the financial statements £5,192,000 (2024: £968,000).

In addition to this, the Company has £100,000 (2024: £100,000) of bank guarantee facilities provided to it.

27. Controlling party

For the year ended 31 July 2025, the Company's shares were 100% owned by John Crane Group Limited.

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

The annual report and financial statements of Smiths Group plc may be obtained from the Company Secretary, Smiths Group plc, Level 10 255 Blackfriars Road, London, SE1 9AX.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2025**

28. Related party transactions

The Company has taken advantage of the exemption under FRS 101 to not disclose transactions with key management personnel or companies which are wholly owned within the Group.

No related party transactions occurred with non-wholly owned companies during the year.