

Registered number: 2296559

B. Braun Medical Limited
Annual report and financial statements
for the year ended 31 December 2016

B. Braun Medical Limited
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for the year ended 31 December 2016

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B. Braun Medical Limited

Directors and advisers

Directors

H Hux (Chief Executive Officer)

P Parfaniuk

P Steel

D Oates

P Skelton

Prof. Dr. H-P Knaebel

Registered office

Brookdale Road

Thornccliffe Park Estate

Chapelton

Sheffield

S35 2PW

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

St. Paul's Place

121 Norfolk Street

Sheffield

S1 2LE

Bankers

HSBC Bank plc

17 Church Street

Sheffield

S1 1HH

B. Braun Medical Limited

Strategic report for the year ended 31 December 2016

The directors present their strategic report on the company for the year ended 31 December 2016.

Principle activities

The company's principal activity during the year was the distribution of healthcare products and equipment, and the provision of services to the healthcare sector.

Review of the business and future developments

2016 again saw continued underlying growth from the core business but operating profitability was lower as a consequence of investments in the production and sales and marketing capabilities and higher costs of sales.

Taking into consideration the comments made in this review, both the level of business and the year end financial position were good. The directors expect that the strength in the core business will lead to continued growth in the 2017 year and for the foreseeable future.

The company supplies goods and services to the healthcare sector and the directors consider that demand is unlikely to decline significantly in the long term despite the current pressures placed upon public sector expenditure.

During 2010, a new Aseptic manufacturing facility was built and became operational. In 2011, the company extended its distribution facility in Sheffield. The company opened a new Technical Services facility in Sheffield in 2012 to further enhance its service portfolio. Having invested in staff and systems over recent years, the company's overriding objective is now to grow profitable revenue commensurate with its long term goals. The company began to expand its presence in the veterinary care market during 2014. More recently the company has established a TransCare Homecare service to provide quality individual patient care at home.

Principal risks and uncertainties

The directors consider that the effects of NHS initiatives on market pricing will continue to offer challenges. Furthermore, the directors have given due consideration to the levels of funding available to the NHS in the medium term. Future pension shortfalls also represent an area of uncertainty for the business. Increased costs arising from Brexit such as currency devaluation and increased administration on imports may introduce new challenges. The directors continue to ensure that these factors are taken into account when planning in order to manage and mitigate the risks as efficiently as possible.

B. Braun Medical Limited

Strategic report for the year ended 31 December 2016 (continued)

Key performance indicators

The company uses key performance indicators to monitor current performance compared to agreed targets. The following observations have been made for the year ended 31 December 2016 compared to the year ended 31 December 2015. Gross profit as a percentage of sales revenue fell by 1.0% compared to the previous year (2015: fell by 1.9%). Investment into the sales and marketing resource had the consequence that sales revenue per head decreased by £1,400 (2015: decreased by £4,600). Supply chain costs as a percentage of sales remained static at 4% (2015: remained static). Generally this is in line with the directors' current expectation. The company achieved the Investors In People Gold award during 2012, and was awarded Investors in People Champion status in 2013.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'H Hux', written in a cursive style.

H Hux
Director
23 March 2017

B. Braun Medical Limited

Directors' report for the year ended 31 December 2016

The directors present their report and the audited financial statements of the company for the year ended 31 December 2016.

Future developments

During 2017 the company intends to continue to diversify and expand its product and service offering whilst maintaining its existing focus on efficiency gains and profitability improvement. The company will also continue to develop new and innovative ways of working using the foundations of Innovation, efficiency and sustainability.

Results and dividends

The income statement for the year is set out on page 10. The directors have approved the payment of a final dividend of £4,000,000 (2015: £6,500,000).

Charitable donations

The charitable contributions made by the company during the year amounted to £100,782 (2015: £10,804). There were no political contributions (2015: £nil). The purpose of all charitable donations made during the year was the improvement of welfare in the wider community.

Financial risk management

The company's operations expose it to a variety of financial risks including:

Price risk

The company is exposed to NHS initiatives on market pricing as a result of its operations. The level of exposure to this risk is monitored by the directors on an ongoing basis.

Credit risk

The company has implemented policies that require appropriate approval for potential customers before sales are made. Credit limits are set accordingly and are reviewed on an ongoing basis. Due to the nature of the company's customer base, the exposure to credit risk is considered to be low.

Liquidity risk

The continued availability of group funding ensures that the company has sufficient funds for operations and planned expansion.

Interest rate cash flow risk

Due to group financing arrangements in place, the directors do not consider that the company is significantly exposed to risk from fluctuations in interest rates.

B. Braun Medical Limited

Directors' report for the year ended 31 December 2016 (continued)

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

H Hux	(Chief Executive Officer)
D Darling	(resigned 15 April 2016)
P Steel	
P Parfaniuk	
Prof. M Ungethüm	(resigned 7 December 2016)
D Oates	
P Skelton	
Dr. A Beller	(resigned 20 February 2017)
Prof. Dr. H-P Knaebel	(appointed 7 December 2016)

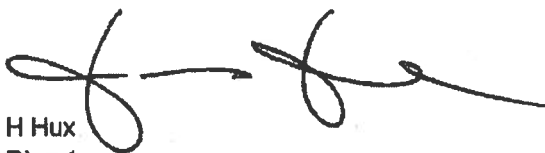
In accordance with the Articles of Association, none of the directors are required to retire by rotation.

Employees

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through internal newsletters, briefing groups and electronic communications with the intention of providing employees with information on matters of concern to them as employees, and raising awareness of the financial and the economic factors that affect the company's performance.

On behalf of the Board



H Hux
Director
23 March 2017

B. Braun Medical Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



H Hux
Director
23 March 2017

B. Braun Medical Limited

Independent auditors' report to the members of B. Braun Medical Limited

Report on the financial statements

Our opinion

In our opinion, B. Braun Medical Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matter 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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

B. Braun Medical Limited

Independent auditors' report to the members of B. Braun Medical Limited (continued)

- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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Independent auditors' report to the members of B. Braun Medical Limited (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Andy Ward (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Sheffield

23 March 2017

B. Braun Medical Limited

Income statement for the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	3	133,854	127,318
Cost of sales		(86,616)	(81,063)
Gross profit		47,238	46,255
Net operating expenses	4	(38,116)	(36,342)
Operating profit	7	9,122	9,913
Interest receivable and similar income	8	427	437
Interest payable and similar charges	9	(144)	(138)
Profit before taxation		9,405	10,212
Tax on profit	10	(1,958)	(2,267)
Profit for the financial year		7,447	7,945

All items dealt with in arriving at operating profit above relate to continuing operations.

B. Braun Medical Limited

Statement of comprehensive income for the year ended 31 December 2016

	2016	2015
	£'000	£'000
Profit for the financial year	7,447	7,945
Actuarial loss on pension scheme	(4,407)	(269)
Movement on deferred tax relating to pension scheme	740	35
Total comprehensive income for the year	3,780	7,711

B. Braun Medical Limited

Balance sheet as at 31 December 2016

Registered number: 2296559

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	11	74	160
Tangible assets	12	12,267	10,548
Investments	13	2,748	1,400
		15,089	12,108
Current assets			
Stocks	14	9,278	8,171
Debtors: amounts falling due within one year	15	24,461	25,911
Debtors: amounts falling due after more than one year	15	27,414	27,061
Cash at bank and in hand		276	233
		61,429	61,376
Creditors: amounts falling due within one year	16	(30,708)	(28,811)
Net current assets		30,721	32,565
Total assets less current liabilities		45,810	44,673
Creditors: amounts falling due after more than one year	17	(2,107)	(2,160)
Provision for liabilities	18	(255)	(256)
Net assets excluding pension liability		43,448	42,257
Pension liability	23	(5,321)	(1,410)
Net assets including pension liability		38,127	40,847
Capital and reserves			
Called up share capital	20	10,000	10,000
Retained earnings		28,127	30,847
Total shareholders' funds		38,127	40,847

The financial statements on pages 10 to 40 were approved by the Board of directors on 23 March 2017 and were signed on its behalf by:



P Skelton
Director

B. Braun Medical Limited

Statement of changes in equity for the year ended 31 December 2016

	Called up share capital £'000	Retained earnings £'000	Shareholders' funds £'000
At 1 January 2015	10,000	23,136	33,136
Profit for the financial year	-	7,945	7,945
Other comprehensive expense	-	(234)	(234)
At 31 December 2015	10,000	30,847	40,847
At 1 January 2016	10,000	30,847	40,847
Profit for the financial year	-	7,447	7,447
Other comprehensive expense	-	(3,667)	(3,667)
Dividend	-	(6,500)	(6,500)
At 31 December 2016	10,000	28,127	38,127

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016

1 General information

The company's principal activity is the distribution of healthcare products and equipment, and the provision of services to the healthcare sector.

The company is a private limited company, limited by shares, domiciled and incorporated in the United Kingdom. The address of its registered office is Brookdale Road, Thornccliffe Park Estate, Chapeltown, Sheffield S35 2PW.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

2 Statement of accounting policies

Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with United Kingdom Accounting Standards, in particular Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 as applicable to companies using FRS 101. These accounting policies have been consistently applied to all years presented, unless otherwise stated.

FRS 101 sets out a reduced disclosure framework for a qualifying entity that would otherwise apply the recognition, measurement and disclosure requirement of EU-adopted IFRS. The company is a qualifying entity for the purposes of FRS 101. Note 24 provides details of the company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

A summary of the disclosure exemptions adopted for the period ended 31 December 2016 is presented below.

- IFRS 7, "Financial Instruments; Disclosures"
- Paragraph 38 of IAS 1, "Presentation of financial statements" comparative information requirements in respect of:
 - paragraph 73 (e) of IAS 16 Property, plant and equipment
 - paragraph 118 (e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, "Presentation of financial statements":
 - 10 (d) (statement of cash flows)
 - 16 (statement of compliance with all IFRS)
 - 38 A (requirement for minimum of two primary statements, including cash flow statements)
 - 38 B-D (additional comparative information)
 - 40 A-D (requirements for a third statement of financial position)
 - 111 (cash flow statement information), and
 - 134 – 136 (capital management disclosures)
- IAS 7, "statement of cash flow"
- Paragraph 17 of IAS 24 "Related party disclosures" (key management compensation)
- The requirements of IAS 24, "Related party disclosures" to disclose related party transactions entered into between two or more members of a group.

The company's shareholders have been notified and have not objected to the use of exemptions.

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2016, have had a material impact on the company.

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Notes to the financial statements for the year ended 31 December 2016 (continued)

Statement of accounting policies (continued)

Revenue

Revenue represents the fair value of goods supplied and services provided, stated net of discounts, agreed rebate payments and value added tax. Specific criteria are set out below for the company's principal activities.

Supply of goods

Under normal circumstances, revenue is recognised upon despatch of healthcare products and equipment. Where consignment stock arrangements are in place, revenue is recognised upon notification by the customer that the product has been withdrawn from consignment or, where relevant, on expiry of a fixed contractual term.

Service provision

The Company also provides a wide and varied range of services to the healthcare sector, which are often distinct to the distribution of healthcare products. These are treated as separate transactions for the purposes of revenue recognition. In all cases, revenue is recognised when services are rendered, and in the case of ongoing service, by reference to the stage of completion in accordance with the contractual agreement.

Leasing

The Company provides equipment to customers under a variety of leasing arrangements. In the vast majority of cases, these are classified as operating leases within the criteria of IAS 17, and revenue is recognised on a straight-line basis over the lease term. Where the risk and rewards of ownership are deemed to have transferred to the customer, finance lease accounting is adopted.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions in foreign currency are translated at the rate ruling at the date of the transaction. All differences on exchange are taken to the income statement.

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Notes to the financial statements for the year ended 31 December 2016 (continued)

Statement of accounting policies (continued)

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment each financial year.

The amortisation rates used for this purpose are:

Customer contracts and software	15% - 20%
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Tangible assets

Tangible assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual value, on a straight-line basis over their estimated economic lives. The depreciation rates used for this purpose are:

Freehold buildings	2-3%
Leasehold improvements	life of lease
Plant and machinery	10%
Computer equipment	20%
Fixtures and fittings	10-33%
Tooling	33%
Demonstration assets	20-33%
Assets in the course of construction	Nil

Freehold land is not depreciated.

Assets in the course of construction are transferred to the relevant assets categories on completion.

Investments

Investments in subsidiaries are stated in the balance sheet at cost less any provision for impairment.

Leases

The company leases certain property, plant and equipment. Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified by the lessor as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

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Notes to the financial statements for the year ended 31 December 2016 (continued)

Statement of accounting policies (continued)

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

The method for allocating earnings to accounting periods is referred to as the 'actuarial method'. The actuarial method allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

Equipment leased to customers

Equipment leased to customers under finance leases is deemed to be sold at normal selling value which is taken to revenue at the inception of the lease. Debtors under finance leases represent outstanding amounts due under these agreements less finance charges allocated to future periods. Finance lease interest is recognised over the primary period of the lease.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period which are classified as non-current assets. The company's loans and receivables comprise receivables and cash in the balance sheet.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost.

Pensions

The company operates four separate pension schemes, three of which are closed to new members. Of the closed schemes one is a defined benefit pension scheme, the assets of which are held separately from those of the company in independently administered funds. The scheme was funded by contributions partly from the employees and partly from the company at rates determined by independent actuaries. This scheme is now closed to new members and to future accrual.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

Statement of accounting policies (continued)

Pensions (continued)

Pension scheme assets are measured using market value, where this market value is bid price for quoted securities. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in other finance costs. Actuarial gains and losses are recognised in the statement of comprehensive income.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of related deferred tax.

The three further schemes are defined contribution schemes, which are funded by contributions partly from employees and partly from the company. One of these schemes is administered by Assicurazioni Generali SpA and is closed to new members. Another, administered by Scottish Widows plc, is also closed to new members. During 2013 the first contributions were paid into a new scheme which is administered by Aviva. This scheme was started to ensure that a contribution structure suitable for the company's obligations under the auto-enrolment legislation was available for the staging date of 1 January 2014.

Costs of defined contribution schemes represent the amounts payable in the year.

Further details are set out in note 23.

The company provides no other post retirement benefits to its employees.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at average rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

Statement of accounting policies (continued)

Related party transactions

In accordance with the exemption allowed by IFRS 12 "Disclosures of interests in other entities", transactions with entities that are part of the B. Braun Melsungen AG group are not disclosed.

Exemption from the obligation to prepare group financial statements and a cash flow statement.

The company is a wholly-owned subsidiary of B. Braun Melsungen AG and the results and cash flows of the company are included in the consolidated financial statements of that company. Accordingly, the company has chosen to take the exemption under the Companies Act 2006 Section 401 from preparing group financial statements and the exemption under FRS 101 paragraph 8 (g) from the obligation to prepare a cash flow statement.

Critical accounting estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised.

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 year are addressed below:

(a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, economic utilisation and the physical condition of the assets. See notes 11 and 12 for the carrying values of plant, property and equipment.

(b) Inventory provisioning

The company sells healthcare products and is subject to changing customer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 14 for the net carrying amount of the inventory.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

Statement of accounting policies (continued)

(c) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 23 for the disclosures relating to the defined benefit pension scheme.

(d) Impairment of investments in subsidiaries

Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments, and also suitable discount rates in order to calculate present values.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

3 Turnover

The company has chosen to take the exemption under IFRS 8 "Operating segments" from presenting a segmental analysis of turnover.

4 Net operating expenses

	2016 £'000	2015 £'000
Sales and distribution costs	35,000	33,126
Administrative expenses	3,116	3,216
Net operating expenses	38,116	36,342

5 Employee information

	2016 £'000	2015 £'000
Wages and salaries	22,850	21,384
Social security costs	2,780	2,652
Other pension costs (note 23)	1,857	1,852
	27,487	25,888

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

By activity	2016 Number	2015 Number
Production	86	77
Sales and administration	448	425
	534	502

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

6 Directors' emoluments

	2016	2015
	£'000	£'000
Aggregate emoluments (excluding pensions)	1,429	1,447
Emoluments payable to the highest paid director are as follows:	2016	2015
	£'000	£'000
Aggregate emoluments and benefits	453	449
Money purchase pension scheme:		
- Company contributions paid	24	52

Retirement benefits are accruing to two (2015: two) directors under a defined benefit scheme and to four under a money purchase scheme (2015: five). Company contributions in respect of directors that are members of the money purchase scheme totalled £180,000 for the year (2015: £208,000).

The emoluments of Prof. Dr. H-P Knaebel are paid by other group companies. This director is also a director of the ultimate parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of this director. His total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the ultimate parent company.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Operating profit

	2016	2015
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Amortisation/depreciation charge for the year		
- intangible assets	86	259
- tangible assets	1,427	1,274
Auditors' remuneration for:		
- audit	73	81
- taxation services	50	46
- other services	-	10
Impairment of inventories	133	47
Inventories recognised as an expense	79,599	74,829
Foreign exchange gains	(121)	(24)
Operating lease expense	2,027	1,698
Operating lease income	(21)	-

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

8 Interest receivable and similar income

	2016	2015
	£'000	£'000
Interest receivable on finance leases	36	29
Group interest receivable	391	408
	427	437

9 Interest payable and similar expenses

	2016	2015
	£'000	£'000
On bank loans and overdrafts	-	1
Group interest payable	75	68
Other finance cost (note 23)	44	51
Interest expense on finance leases	25	18
	144	138

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

10 Tax on profit

	2016	2015
	£'000	£'000
Current tax:		
UK corporation tax on profits of the year	1,817	2,045
Adjustments in respect of prior years	20	26
Total current tax	1,837	2,071
Deferred tax:		
Origination and reversal of timing differences	174	162
Adjustments in respect of previous years	(22)	50
Changes in tax rates	(31)	(16)
Total deferred tax (note 19)	121	196
Total tax on profit	1,958	2,267

The tax assessed for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are explained below:

	2016	2015
	£'000	£'000
Profit before taxation	9,405	10,212
Profit multiplied by the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	1,881	2,068
Effects of:		
Expenses not deductible for tax purposes	110	139
Changes in tax rates	(31)	(16)
Adjustments in respect of prior years	(2)	76
Total tax charge for the year	1,958	2,267

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

10 Tax on profit (continued)

Factors affecting current and future tax changes

As a result of a change in the UK corporation tax rate to 20%, which was substantively enacted on 2 July 2013 and was effective from 1 April 2015, the current tax rate decreased to 20% for the year ended 31 December 2016. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015 and as part of Finance Bill 2016 on 7 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

11 Intangible assets

	Customer contracts	Software	Total
	£'000	£'000	£'000
Cost			
At 1 January and 31 December 2016	321	1,684	2,005
Accumulated amortisation			
At 1 January 2016	267	1,578	1,845
Charge for the year	15	71	86
At 31 December 2016	282	1,649	1,931
Net book amount			
At 31 December 2016	39	35	74
At 31 December 2015	54	106	160

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

12 Tangible assets

	Land and buildings						Total
	Freehold	Long leasehold	Assets in the course of construction	Technical equipment and machinery	Demonstration and consignment assets	Computer and office equipment	
	£'000	£'000	£'000	£'000	£'000	£'000	
Cost							
At 1 January 2016	9,715	485	185	2,233	7,757	3,495	23,870
Additions	1,106	-	114	97	1,362	524	3,203
Transfers	-	-	(185)	-	-	185	-
Disposals	-	-	-	-	(270)	(849)	(1,119)
At 31 December 2016	10,821	485	114	2,330	8,849	3,355	25,954
Accumulated depreciation							
At 1 January 2016	3,402	296	-	859	5,999	2,766	13,322
Charge for the year	278	16	-	107	859	167	1,427
Disposals	-	-	-	-	(213)	(849)	(1,062)
At 31 December 2016	3,680	312	-	966	6,645	2,084	13,687
Net book amount							
At 31 December 2016	7,141	173	114	1,364	2,204	1,271	12,267
At 31 December 2015	6,313	189	185	1,374	1,758	729	10,548

At 31 December 2016 the company had capital commitments of £2.3 million (2015: £nil).

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

13 Investments

	£'000
Cost at 1 January 2016	3,400
Additions	1,348
Accumulated impairment at 1 January and 31 December 2016	(2,000)
Net book amount at 31 December 2016	2,748

The company acquired 25.1% of the share capital of 270 Vision Limited on 11 November 2016. The additions above relate solely to 270 Vision Limited.

Interest in group undertakings

The company had the following subsidiary undertakings at 31 December 2016:

Name of undertaking	Description of shares held	Proportion of nominal value of issued shares held		Aggregate capital & reserves £'000	Profit/(loss) for the year £'000
		Direct	Indirect		
B. Braun Sterilog Limited	Ordinary	100%	-	(11,616)	(764)
Downs Surgical Limited	Ordinary	100%	-	1,400	-
Aesculap Academia Company Limited	Ordinary	100%	-	-	-
B. Braun Healthcare Limited	Ordinary	73.5%	-	422	-
B. Braun Sterilog (Yorkshire) Limited	Ordinary	-	100%	(3,657)	187
B. Braun Sterilog (Birmingham) Limited	Ordinary	-	100%	(4,368)	635

The directors believe that the carrying value of the investments is supported by the underlying net assets of the investments.

All companies are registered and incorporated in England and Wales and have a year end of 31 December. Their registered office address is Brookdale Road, Thorncliffe Park, Sheffield S35 2PW.

B. Braun Sterilog Limited is a holding company for the investments in B. Braun Sterilog (Yorkshire) Limited and B. Braun Sterilog (Birmingham) Limited. Both B. Braun Sterilog (Yorkshire) Limited and B. Braun Sterilog (Birmingham) Limited operate decontamination centres as outsourced facilities for the NHS and other third party companies.

Downs Surgical Limited, Aesculap Academia Company Limited and B. Braun Healthcare Limited are non-trading.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

14 Stocks

	2016	2015
	£'000	£'000
Raw materials and consumables	118	95
Work in progress	95	88
Finished goods and goods for resale	9,065	7,988
	9,278	8,171

15 Debtors

	2016	2015
	£'000	£'000
Amounts falling due within one year		
Trade debtors	22,243	19,715
Amounts owed from group undertakings	746	411
Loans receivable from group undertakings	-	4,516
Other debtors	258	273
Prepayments and accrued income	944	817
Finance lease receivable	270	179
	24,461	25,911

Loans receivable and amounts owed by group undertakings are unsecured and have no fixed date of repayment. Interest is received on loans receivable at LIBOR plus 1.00% (2015: LIBOR plus 1.00%). No interest is receivable on group debtors.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

15 Debtors (continued)

	2016	2015
	£'000	£'000
Amounts falling due after more than one year		
Finance lease receivable	609	514
Loans receivable from group undertakings	25,887	26,247
Deferred tax (note 19)	918	300
	27,414	27,061

	2016	2015
	£'000	£'000
Net investment in finance leases comprises:		
Total amounts receivable	966	796
Less: Interest allocated to future periods	(87)	(103)
	879	693

Amounts receivable during the year under finance lease contracts amounted to £376,000 (2015: £190,000).

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

16 Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Bank loans and overdrafts	2	6
Trade creditors	2,933	2,870
Amounts owed to group undertakings	15,642	13,117
Other taxation and social security payable	4,519	4,274
Accruals and deferred income	6,660	7,451
Finance lease payable	53	49
Corporation tax liability	899	1,044
	30,708	28,811

Included in amounts owed to group creditors is an inter company loan from B. Braun Melsungen AG. This amount is unsecured and interest is payable at LIBOR plus 1.00% (2015: LIBOR plus 1.00%). The remaining amounts are unsecured and no interest is payable on the liability.

17 Creditors: amounts falling due after more than one year

	2016	2015
	£'000	£'000
Amounts owed to group undertakings	1,822	1,822
Finance lease payable	285	338
	2,107	2,160

18 Provisions for liabilities

Deferred taxation provided in the financial statements is analysed as follows:

	2016	2015
	£'000	£'000
Capital allowances in excess of depreciation (note 19)	255	256

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

19 Deferred taxation

Deferred taxation provided in the financial statements is analysed as follows:

	2016	2015
	£'000	£'000
Tax effect of timing differences because of:		
Capital allowances in excess of depreciation	255	256
Other timing differences	(14)	(46)
Deferred tax liability excluding that relating to pension scheme	241	210
Deferred tax asset on the pension scheme	(904)	(254)
Net deferred tax asset	(663)	(44)

The movement in the deferred tax asset is reconciled as follows:

	2016
	£'000
At 1 January 2016	(44)
Capital allowances in excess of depreciation	(1)
Other timing differences	32
Deferred tax asset excluding that relating to pension scheme	(13)
Charge to profit relating to pension scheme	90
Credit to statement of comprehensive income relating to pension scheme	(740)
Net deferred tax asset at 31 December 2016	(663)

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

20 Called up share capital

	Issued and fully paid	
	2016	2015
	£'000	£'000
9,375,000 (2015: 9,375,000) Ordinary shares of £1 each	9,375	9,375
625,000 (2015: 625,000) Ordinary non-voting shares of £1 each	625	625
	10,000	10,000

The ordinary shares and non-voting shares rank pari passu in all respects so that holders of non-voting shares are entitled to notice of and to attend general meetings but have no right to speak or vote at those meetings.

21 Contingent liabilities

Contingent liabilities in respect of guarantees given to HMRC for VAT deferment duty amount to £150,000 (2015: £150,000). Contingent liabilities in respect of other guarantees amount to £nil (2015: £nil).

In the opinion of the directors no loss will arise in connection with these guarantees.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

22 Financial commitments

Operating leases comprise leases and rentals of properties, vehicles and other equipment. The total expense under operating leases in the income statement amounted to £2,027,000 (2015: £1,698,000).

At 31 December 2016, future minimum lease payments under non-cancellable operating lease contracts were as follows:

	2016	2015
	£'000	£'000
Within one year	1,937	1,771
Within two to five years	1,961	2,015
After five years	548	651
	4,446	4,437

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

23 Pension commitments

The company operates a defined benefit pension scheme with assets held separately from those of the company in independently administered funds. The scheme provides retirement benefits on the basis of members' final salary. On 1 July 1999, the defined benefit scheme was closed to new members and on 30 September 2007 it was closed to future accrual.

The company also has three defined contribution schemes. One is administered by Assicurazioni Generali SpA and is closed to new members. Another is administered by Scottish Widows plc and is also closed to new members. During 2013 the company opened a new scheme which is administered by Aviva in order to meet its auto-enrolment obligations from its staging date of 1 January 2014.

The total pension cost for the year was £1,901,000 (2015: £1,903,000). At the year end £nil (2015: £153,000) is included in accruals.

Defined benefit scheme

A full actuarial valuation was carried out at 31 March 2015 and updated to 31 December 2016 by qualified independent actuaries. The major assumptions used by the actuary as at 31 December 2016 were:

	31 December 2016	31 December 2015
Inflation assumption	2.2%	2.0%
Rate of increase in salaries	N/a	N/a
Discount rate	2.7%	3.9%
Rate of increase in pensions in payment	2.2%	2.0%

The mortality assumptions used were as follows:

	2016 Years	2015 Years
Male member aged 65 (current life expectancy) in years	21.4	21.3
Male member aged 40 (life expectancy at age 65) in years	23.5	23.5
Female member aged 65 (current life expectancy) in years	23.4	23.3
Female member aged 40 (life expectancy at age 65) in years	25.7	25.6

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

23 Pension commitments (continued)

The assets in the scheme were:

	Value as at 31 December 2016 £'000	Value as at 31 December 2015 £'000
Equities	3,913	3,213
Bonds	6,304	5,454
Cash	92	10
Other	8,427	8,096
	18,736	16,773

The scheme is closed to future accrual however as it is in deficit a recovery plan was agreed on 17 December 2015 whereby the company will contribute £540,000 per annum in order to eliminate the deficit by May 2023.

Expected benefit payments at 31 December 2016 were as follows:

Year 1	£458,407
Year 2	£464,267
Year 3	£470,203
Year 4	£476,217
Year 5	£482,309
Next 5 years	£2,505,761

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

23 Pension commitments (continued)

The following amounts at 31 December 2016 were measured in accordance with the requirements of IAS 19 "Employee benefits (amended 2011)":

Pension liability	2016	2015
	£'000	£'000
Total market value of assets	18,736	16,773
Present value of scheme liabilities	(24,057)	(18,183)
Deficit in the scheme	(5,321)	(1,410)

Reconciliation of present value of scheme liabilities	2016	2015
	£'000	£'000
At 1 January	18,183	18,561
Interest cost	689	687
Actuarial losses/(gains)	5,756	(207)
Benefits paid	(571)	(858)
At 31 December	24,057	18,183

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

23 Pension commitments (continued)

Sensitivity analysis of scheme liabilities

The sensitivity of the present value of scheme liabilities to changes in the principle assumptions used is set out below:

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%	Decrease by 18%
Discount rate	Decrease by 1%	Increase by 22%
Inflation rate	Increase by 1%	Increase by 13%
Inflation rate	Decrease by 1%	Decrease by 11%
Mortality	Increase by 1 year	Decrease by 3%
Mortality	Decrease by 1 year	Increase by 3%

Reconciliation of present value of scheme assets	2016 £'000	2015 £'000
At 1 January	16,773	16,931
Expected return on scheme assets	645	636
Actuarial gains/(losses) on plan assets	1,349	(476)
Employer contributions	540	540
Benefits paid from plan	(571)	(858)
At 31 December	18,736	16,773

Scheme assets do not include any of the financial assets of B. Braun Medical Limited or any property occupied by B. Braun Medical Limited.

The actual gain on scheme assets in the year was £1,994,000 (2015: gain of £160,000).

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

23 Pension commitments (continued)

The following amounts are recognised in the performance statements in the year to 31 December 2016 under the requirements of IAS 19 "Employee benefits (amended 2011)":

	2016	2015
	£'000	£'000
Operating profit		
Current service cost	-	-
Other finance cost		
Expected return on pension scheme assets	(645)	(636)
Interest on pension scheme liabilities	689	687
Net expense	44	51

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of comprehensive income is £5,338,000 (2015: £931,000).

Actuarial valuation

The defined benefit scheme was closed to new members on 1 July 1999 and closed to future accrual on 30 September 2007. The total contribution expected to be made to the scheme by B. Braun Medical Limited in the year to 31 December 2017 is £540,000 (2016: £540,000).

Defined contribution scheme

The cost of contributions to the defined contribution scheme amounted to £1,857,000 (2015: £1,852,000). At the year end £nil (2015: £153,000) is included in accruals.

24 Ultimate parent company

The directors regard B. Braun Melsungen AG, a company registered in Germany, as the ultimate parent company and controlling party. According to the register kept by the Company, B. Braun Melsungen AG has a 50% interest in the equity of B. Braun Medical Limited at 31 December 2016 and Aesculap International GmbH, a company registered in Germany, has the remaining 50% interest. Aesculap International GmbH itself is 100% owned by B. Braun Melsungen AG. Copies of the parent's consolidated financial statements may be obtained from Carl Braun Strasse 1, 34212 Melsungen, Germany.

B. Braun Melsungen AG is the smallest and largest group in which these results are consolidated.