

Registered number: 2296559

B. Braun Medical Limited

Annual report and financial statements

for the year ended 31 December 2021

B. Braun Medical Limited

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B. Braun Medical Limited

Directors and Advisers

Directors

A Cash

D Oates (Group Managing Director)

P Skelton

D Gold

Registered office

Brookdale Road

Thorncliffe Park Estate

Chapelton

Sheffield

S35 2PW

The company is registered in England and Wales.

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Central Square

29 Wellington Street

Leeds

LS1 4DL

Bankers

HSBC Bank plc

17 Church Street

Sheffield

S1 1HH

B. Braun Medical Limited

Strategic report for the year ended 31 December 2021

The directors present their strategic report on the company for the year ended 31 December 2021.

Principal 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

2021 saw continued underlying growth from the core business albeit with a further change in the product mix due to the evolution of the COVID pandemic. The company experienced strong demand for its critical care infusion and anaesthesia products again but there was still reduced demand for implant and surgical products due to the widespread suspension of elective surgery. Increased cost of sales, partly offset by lower operating expenses, resulted in an overall reduction in operating profit.

Taking into consideration the comments made in this review, both the level of business and the year end financial position were in line with the expectation of the directors. The directors expect that the strength in the core business will lead to continued growth in the 2022 year and for the foreseeable future. During 2020 the B. Braun group announced its new strategy for the next decade and the company is aligning itself to the group strategy with the main areas of focus being the development of innovative technologies, digital excellence, customer focus and joint commitment.

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. The coronavirus pandemic which was declared as a public health emergency by the World Health Organisation on 30 January 2020 increased demand significantly for intravenous therapy products, infusion pumps, hand hygiene and other products. There was some offset arising from the cancellation of elective surgery but overall the directors believe that the most recent forecast for sales and profitability remains realistic and achievable, and that elective surgery will continue to resume during 2022.

During the year sales and marketing activities were curtailed by restrictions on customer visits as hospitals continued to mitigate the risk of COVID transmission. The company again made use of the availability of the government's coronavirus job retention scheme to support this but to a lesser extent than in the previous year.

The company made a loan to a subsidiary company in 2007, to facilitate the construction of decontamination centres in Yorkshire and Birmingham, in order to fulfil fifteen year decontamination service contracts. The contracts are due for renewal in 2022 and 2023 and the outcomes will affect the company's ability to recover the loan. A five year extension has recently been agreed for the contract in Yorkshire. Negotiations have commenced with the contract in Birmingham, but an outcome has not yet been agreed.

B. Braun Medical Limited

Strategic report for the year ended 31 December 2021 (continued)

Section 172 (1) (a) to (f) of the Companies Act 2006

The directors are committed to promoting the long-term success of the company whilst having regard to employees, customers, suppliers, the environment and the local community. They seek to do this by meeting monthly and inviting input from the sales and marketing, human resources and business operations heads of department, and other key stakeholders (internal and external) when it is appropriate to do so. The inclusion of non-executive directors ensures that the board maintains a broader perspective.

An executive committee also meets monthly and includes representation from other heads of key departments including regulatory affairs, supply chain and finance. Since the pandemic the executive committee has also met weekly to be able more rapid responses to changing circumstances. A supervisory board meets twice a year and comprises representatives from both the board of B. Braun Medical Limited, and the ultimate parent company and shareholders in Germany. The company benefits from the availability of Group finance when it requires it. Recognising that our employees are our greatest asset, an employee forum comprising elected staff representatives meets quarterly with management to discuss a range of topics including company performance, employee welfare, fundraising ideas and initiatives to support the local community.

A detailed employee survey was conducted in 2017, entitled “Have Your Say”, which included a campaign to encourage every employee to participate. This resulted in a number of initiatives with a specific board sponsor allocated to them, including a two year project to develop standardised pay frameworks across the business and a strategy to address the current gender pay gap. Further results and actions were announced to the staff during the year. Two members of staff celebrated 25 years and one member of staff celebrated 40 years of employment with the company in 2021.

The NHS is our biggest customer and the new NHS Supply Chain operating model will result in changes to the way that we operate in the future and the directors have been addressing the strategic demands of how we can continue to offer excellent products and services at every level for this model. The directors sought to ensure that our commercial and customer care teams were involved from an early stage in the development with input to the new procurement towers which have been created.

The majority of the products that we sell are produced by other companies in the B. Braun Group. Innovation is a key part of our continued success in the healthcare market and the directors have tasked specific product specialists to provide input into the development of replacement products and upgrades, and identification of potential bottlenecks in the supply chain. Furthermore, the company has engaged during the year with third party suppliers to ensure that compliance requirements including modern slavery and data protection are fully considered in our supplier selections.

B. Braun Medical Limited

Strategic report for the year ended 31 December 2021 (continued)

Section 172 (1) (a) to (f) of the Companies Act 2006 (continued)

As a major local employer with significant growth in employee numbers in recent years our perception in the local community is very important. The company sponsors a number of community initiatives and local sports clubs and encourages healthy lifestyle choices for school children in partnership with the B. Braun Sheffield Sharks basketball team under the “Be Healthy - B. Braun” campaign which has been running for over a decade and reached over 500 children in 2019. Local school children were also given the opportunity to demonstrate their skills with displays during half time at the Sharks home basketball games. The company also collaborates with the Cathedral Archer Project which provides support for homeless people in the centre of Sheffield with volunteers assisting in the kitchens during the autumn months. During 2021 these activities were largely suspended due to the requirement to maintain social distancing and reduce COVID spread.

A list of environmental standards and ISOs that the company has achieved are listed on the B.Braun.co.uk website.

The B. Braun mission is to “Protect and Improve the Health of People around the World”.

The company’s major customer is the NHS and the directors were actively engaged during the year exploring new ways of collaborating with the many Trusts that we conduct business with. Previously the company had to refocus its activities on helping the NHS respond to the extraordinary demand from COVID-19 patients. During both the first and second variants, top priority was very much on ensuring our critical care infusion and anaesthesia products could meet the unprecedented demand. In parallel, across the portfolio we are engaging with senior stakeholders across the system to see how some of our innovations can help the NHS recover in a post-COVID environment.

During 2021, close engagement was required with both B. Braun production facilities and the Department of Health to ensure continuity of supply for COVID products and also to mitigate the risks associated with Brexit, especially the threat of disruption to the supply of essential goods to the UK market.

The health care industry is heavily regulated and the company also has its own compliance committee which has delegated authority to ensure that the company operates at all times within relevant laws and regulations, including monitoring its environmental obligations.

We are in direct contact with the Department of Health and Social Care team leading on the United Kingdom supply of medicines and healthcare products to Ukraine to offer support where we can.

B. Braun Medical Limited

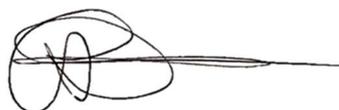
Strategic report for the year ended 31 December 2021 (continued)

Principal risks and uncertainties

The major customer is the NHS and 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. The company is currently paying deficit contributions into a closed defined benefit pension scheme (see Note 26). Increased costs arising from Brexit such as currency devaluation and anticipated increased administration on imports have introduced additional 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.

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 2021 compared to the year ended 31 December 2020. Gross profit as a percentage of sales revenue decreased by 0.2% compared to the previous year (2020: decreased by 4.6%). Sales revenue per head decreased by £12,300 (2020: increased by £6,300). Operating Profit as a percentage of sales decreased by 0.2% compared to the prior year (2020: decreased by 1.3%). Supply chain costs as a percentage of sales rose by 0.7% to 5.4% (2020: fell by 0.4% to 4.7%). 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. In 2021, the organisation was awarded the Investors in People Gold award following its re-accreditation under the new standard.

On behalf of the Board



D Oates
Director
24 June 2022

B. Braun Medical Limited

Directors' report for the year ended 31 December 2021

The directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

Future developments

As already discussed in the Strategic Report, during 2022 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 has already developed new and innovative ways of working using the foundations of innovation, efficiency and sustainability in response to the COVID-19 pandemic and will continue to build on this.

Results and dividends

The income statement for the year is set out on page 15. The directors have approved and paid a final dividend of £5,000,000 for 2021 in March 2022 following a request from the parent company and having considered the company's cash flow requirements for the coming year (2020: £nil).

Going concern

Further to the declaration of Covid-19 as a global pandemic on 11 March 2020, the directors have prepared revised forecasts of profit and cash flow which indicate that the company will continue to generate cash inflows and remain profitable in future years. The directors therefore believe that preparing the financial statements on the going concern basis is appropriate.

Cash pooling

The company meets its day-to-day working capital requirements through access to funds as part of the B. Braun group's cash pooling arrangement that is administered through B. Braun SE, a fellow group company, which acts as an internal bank for the group subsidiaries. The company has access to unrestricted funds as part of the contractual cash pooling terms and conditions, and either party has the right to withdraw from the agreement by giving notice, for which no reason needs to be given. Under the cash pooling arrangements no cash is held by the Company. All balances, with the exception of local deposit accounts, are 'swept' to B. Braun SE at the end of business on each day.

The company is wholly dependent on the B. Braun group cash pooling arrangements for access to the cash flows necessary for the day-to-day running of the company and to support the going concern assertion.

Having received a letter confirming the availability of Group funding for a period of twelve months from the date these financial statements are signed, the directors have a reasonable expectation that the company has access to adequate financial and other resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Charitable donations

The charitable contributions made by the company during the year amounted to £nil (2020: £5,277). There were no political contributions (2020: £nil). The purpose of all charitable donations was the improvement of welfare in the wider community.

B. Braun Medical Limited

Directors' report for the year ended 31 December 2021 (continued)

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 due to the availability of funding within the group and no reliance external funding.

Directors

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

A Cash	
D Oates	(Group Managing Director)
P Skelton	
P Steel	(resigned 30 April 2021)
D Gold	

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

Employees and Employee Engagement

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.

B. Braun Medical Limited

Directors' report for the year ended 31 December 2021 (continued)

Employees and Employee Engagement (continued)

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.

During the year the company maintained a structured approach to communicating strategic priorities with its employees. This included discussion from the board and executive committee with a leadership forum which met fortnightly. Key decisions and actions were cascaded to employees following these meetings as well as feedback from senior management being provided to the board. An Objectives and Key Results update was circulated regularly to all employees communicating business performance and progress against strategic objectives. The employee forum met five times with the Group Managing Director to discuss business performance, employee welfare and fundraising initiatives.

Streamlined Energy & Carbon Regulation reporting

Methodology

The following disclosure has been prepared using a methodology based upon The Greenhouse Gas Protocol (revised) and other guidance such as The GHG Protocol Scope Guidance, to assist in complying with the requirements of the Streamlined Energy & Carbon Regulation. Direct monitoring is either unavailable or prohibitively expensive therefore emissions data has been calculated from fuel use and mileage data. Scope 1 Greenhouse Gas emissions have been calculated based on the purchased quantities of commercial fuels (such as natural gas) and mileage, using published UK Government emission factors. Scope 2 GHG emissions have been calculated from metered electricity consumption and supplier specific, local grid, or other published emission factors. No specific sector tools were used and the methodology is based on absolutes. Data was collected centrally. This data is also used for Energy Savings Opportunity Scheme reporting compliance.

Emissions and energy use (all UK)

	2021	2020	
Energy consumption			
Scope 1 Energy consumption from gas	2,055,427	2,233,899	kWh
Scope 1 Energy consumption from transport	2,568,844	2,320,147	kWh
Scope 2 Energy consumption from electricity	2,619,453	2,812,853	kWh
Total energy consumption	7,243,724	7,366,899	kWh
Emissions			
Scope 1 Emissions from gas	376	411	tCO ₂ e
Scope 1 Emissions from transport	638	586	tCO ₂ e
Scope 2 Emissions	556	656	tCO ₂ e
Total emissions	1,570	1,653	tCO₂e

B. Braun Medical Limited

Directors' report for the year ended 31 December 2021 (continued)

Streamlined Energy & Carbon Regulation reporting (continued)

	2021	2020
Intensity ratios		
Intensity ratio 1. Total CO2 Emissions to sales	9.0	9.4
Intensity ratio 2. Vehicle tCO2e to sales	3.6	3.3

These intensity ratios were selected as they were assessed as having the biggest impact and are probably the most relevant for the company to measure future improvements against. Intensity ratio 1 showed improvement against last year and was expected under the prevailing conditions. Intensity ratio 2 was slightly higher as travel began to open up again but is significantly lower than the 2019 base year as on line meetings continued when it was more appropriate to do so.

Energy efficiency actions in 2021

The main focus of the facilities management team was keeping the main site operational and COVID secure. Monitoring devices were installed on specific electrical circuits at our head office site to understand our electricity usage better. A new building management systems contractor was engaged to review our current technology and software and recommend efficiency improvements. We installed LED lighting in the high ceiling warehouse and workshop at our Technical Services site. We changed external lighting to LED lighting around two buildings at our head office site. Display and other electrical equipment was turned off in low occupancy areas along with electric wall heaters in a building equipped with air-sourced heat pumps.

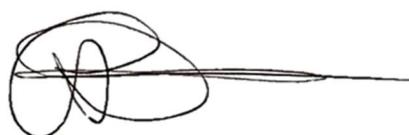
Our car fleet policy has been reviewed and changed in 2020. We introduced the choice of petrol, mild & plug-in hybrid vehicles for qualifying drivers and the option to use a hybrid pool car. In 2021 a survey was conducted with our business car users to gain a better understanding of the challenges associated with moving to a greener fleet and work commenced on re-designing the car list with significant changes being implemented in 2022.

Directors' confirmations

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



D Oates
Director
24 June 2022

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, 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:

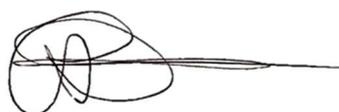
- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board



D Oates
Director
24 June 2022

B. Braun Medical Limited

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

Report on the audit of the financial statements

Opinion

In our opinion, B. Braun Medical Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

B. Braun Medical Limited

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

B. Braun Medical Limited

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to pensions and tax legislation, employment law, health and safety legislation and other legislation specific to the industry in which the company operates (including legislation laid out by the Medicines and Healthcare Products Regulatory Agency (MHRA)), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding and evaluation of the operating effectiveness of management's entity level controls designed to prevent and detect irregularities;
- Testing over period end adjustments and journal entries with unusual account combinations impacting revenue;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the IFRS 9 impairment assessment; and
- Reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the 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.

B. Braun Medical Limited

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Rachel Greveson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
24 June 2022

B. Braun Medical Limited

Income statement for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	3	175,380	175,606
Cost of sales		(126,793)	(126,581)
Gross profit		48,587	49,025
Operating expenses	4	(43,180)	(43,841)
Other operating income	8	686	1,302
Operating profit	7	6,093	6,486
Interest receivable and similar income	9	235	409
Interest payable and similar expenses	10	(164)	(192)
Profit before taxation		6,164	6,703
Tax on profit	11	(1,690)	(1,542)
Profit for the financial year		4,474	5,161

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

The accompanying notes on pages 19 to 45 form an integral part of these financial statements.

B. Braun Medical Limited

Statement of comprehensive income for the year ended 31 December 2021

	2021	2020
	£'000	£'000
Profit for the financial year	4,474	5,161
Actuarial gain/(loss) on pension scheme	4,477	(4,597)
Movement on deferred tax relating to pension scheme	(675)	954
Total comprehensive income for the year	8,276	1,518

All items included in total comprehensive income above will not be subsequently reclassified to the income statement.

B. Braun Medical Limited

Balance sheet as at 31 December 2021

Registered number: 2296559

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	12	557	233
Tangible assets	13	18,809	19,041
Right-of-use assets	14	3,601	2,819
Investments	15	1,400	1,400
		24,367	23,493
Current assets			
Inventories	16	21,616	17,790
Debtors: amounts falling due within one year	17	34,296	35,013
Debtors: amounts falling due after more than one year	17	22,341	22,200
Cash at bank and in hand		150	150
		78,403	75,153
Creditors: amounts falling due within one year	18	(45,037)	(44,621)
Total assets less current liabilities		57,733	54,025
Creditors: amounts falling due after more than one year	19	(4,326)	(4,288)
Provision for liabilities	20	(1,510)	(1,029)
Net assets excluding pension liability		51,897	48,708
Pension liability	26	(1,436)	(6,523)
Net assets including pension liability		50,461	42,185
Capital and reserves			
Called up share capital	22	10,000	10,000
Retained earnings		40,461	32,185
Total shareholders' funds		50,461	42,185

The financial statements on pages 15 to 45 were approved by the Board of directors on 24 June 2022 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 2021

	Called up share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
At 1 January 2020	10,000	36,667	46,667
Profit for the financial year	-	5,161	5,161
Other comprehensive expense	-	(3,643)	(3,643)
Dividend	-	(6,000)	(6,000)
At 31 December 2020 and 1 January 2021	10,000	32,185	42,185
Profit for the financial year	-	4,474	4,474
Other comprehensive income	-	3,802	3,802
At 31 December 2021	10,000	40,461	50,461

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021

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, Thorncliffe Park Estate, Chapeltown, Sheffield S35 2PW.

2 Significant 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.

In light of the COVID-19 pandemic we have considered the basis of preparation and have concluded that the going concern basis remains appropriate.

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 28 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 year ended 31 December 2021 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)

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

Basis of preparation (continued)

- 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.
- Paragraph 61 of FRS101 relating to lessor accounting.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15.

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

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.

The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

On average the number of days between the satisfaction of the company’s performance obligations and receipt of payment is 74 days. The company has assessed its obligation for refunds and returns and has determined that the likelihood of this obligation being material is low. The most likely reason for a return would be if a product was found to be faulty and the company supplies products to the health care market which is highly regulated and consequently failure rates are low. The transaction prices for goods and services are allocated on the basis of customer contractual agreements.

Recognition

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.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

Other operating income

Where government grants relate to expenses already incurred, they shall be recognised as income in the period to which the expenses relate. Government grants are disclosed separately as other operating income in the Income Statement.

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 prevailing rate at the date of the transaction. All differences on exchange are taken to the income statement.

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.

Amortisation charges are included within operating expenses. The amortisation rates used for this purpose are:

Customer contracts and software	20% - 25%
---------------------------------	-----------

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	2-4%
Long leasehold	life of lease
Technical equipment and machinery	7%
Computer equipment	20-25%
Office equipment	7%
Demonstration and consignment assets	25%
Assets in the course of construction	Nil
Right-of-use assets	life of lease

Freehold land is not depreciated.

Assets in the course of construction are transferred to the relevant assets categories on completion and depreciation commences at this time.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

Investments

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

Impairment reviews

Impairment reviews are performed by the directors when there has been an indication of potential impairment. Impairment reviews are based on discounted cash flow forecasts for the tangible assets and investments. The cash flow forecasts assume a growth rate consistent with long term expectations for the business.

Leases

Under IFRS 16, a right-of-use asset and a corresponding lease liability is recognised at the lease commencement date. The right-of-use asset is initially measured by reference to the present value of the lease payments due over the contractual lease term. These lease payments are discounted using an incremental borrowing rate set on a country-specific basis by the ultimate parent company. The weighted average incremental borrowing rate is 1.7%. The right-of-use asset is depreciated on a straight line basis from the commencement date to the end of the lease term.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases (those with a lease term of 12 months or less) and leases of low-value assets (which relate primarily to IT equipment). The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Total payments made in the year against leased assets were £2,440,000 (2020: £2,751,000).

Where the company acts as a lessor, it determines at lease inception where each lease is to be classified as an operating lease, or a finance lease. If substantially all of the risks and rewards of ownership have transferred, the lease is deemed to be a finance lease.

Where assets were leased to a customer under a finance lease, the present value of the lease payments was recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Inventory and work in progress

Inventory 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.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

Financial assets (continued)

Intercompany loans receivable

The recoverability of intercompany loans is determined by comparing the forecasted cash flows to the carrying value of the loan. Where an expected credit loss arises under IFRS 9, this is recognised as a charge within operating expenses.

Borrowings

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

Pensions

The company operates two pension schemes, one of which is closed to new members. The closed scheme 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. The scheme is governed by the UK regulatory framework (including the Pensions Act 2004) which is overseen by the Pensions Regulator, and the statutory funding objective is set out in the Statement of Funding Principles. Day to day governance is delegated to the Trustees who are appointed with the consent of the company.

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 other scheme is a defined contribution scheme, which is funded by contributions partly from employees and partly from the company which is administered by Aviva. This scheme ensured 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 the defined contribution scheme represents the amounts payable in the year.

Further details are set out in note 26.

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

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

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.

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 group are not disclosed.

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

The company is a 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) 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 16 for the net carrying amount of the inventory.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

2 Significant accounting policies (continued)

Critical accounting estimates and assumptions (continued)

(b) 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 26 for the disclosures relating to the defined benefit pension scheme.

(c) 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.

(d) Expected credit losses on intercompany loans

Whether an expected credit loss arises under IFRS 9 on an intercompany loan is determined by comparing the forecasted discounted cash flows to the carrying value of the loan. Where an expected credit loss arises this is recognised as a charge within operating expenses.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

3 Revenue

The company's revenue and operating profit relate to its principal activity.

Revenue is split by geographical location as follows:

	2021	2020
	£'000	£'000
		Restated
United Kingdom	173,745	174,583
Europe	1,270	676
Asia Pacific	362	347
North America	3	-
	175,380	175,606

Following a review the prior year sales to Europe have been restated to £676,000 because some sales to a major wholesaler based in Europe were classified as sales to Europe when they were shipped to the United Kingdom.

4 Operating expenses

	2021	2020
	£'000	£'000
Sales and distribution costs	38,297	36,571
Administrative expenses	4,883	4,688
Expected credit loss on intercompany loan	-	2,582
Operating expenses	43,180	43,841

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

5 Employee information

	2021	2020
	£'000	£'000
Wages and salaries	32,227	30,077
Social security costs	3,632	3,717
Other pension costs (note 26)	3,579	3,191
	39,438	36,985

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

By activity	2021	2020
	Number	Number
Production	171	158
Sales and administration	539	520
	710	678

6 Directors' emoluments

	2021	2020
	£'000	£'000
Aggregate emoluments (excluding pensions)	875	1,073
Emoluments payable to the highest paid director are as follows:	2021	2020
	£'000	£'000
Aggregate emoluments and benefits	353	369
Money purchase pension scheme:		
- Company contributions paid	-	5

Retirement benefits were accruing to one (2020: one) director under a defined benefit scheme and to three under a money purchase scheme (2020: four). Company contributions in respect of directors that are members of the money purchase scheme totalled £76,000 for the year (2020: £48,000).

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

7 Operating profit

	2021	2020
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Amortisation/depreciation charge for the year		
- intangible assets	19	31
- tangible assets	2,302	2,288
-right-of-use assets	1,409	1,432
Expected credit loss on intercompany loan	-	2,582
Auditors' remuneration for:		
- audit	147	139
- taxation compliance services	38	37
- taxation advisory services	36	16
Increase in inventory provision	216	77
Inventories recognised as an expense	105,419	105,903
Foreign exchange (gains)/losses	(34)	17

Employee benefit costs in respect of sales, distribution and administrative employees are disclosed within Operating Expenses. Remaining employee benefit costs are disclosed within Cost of Sales.

During the prior year the company made a provision for an expected credit loss against an intercompany loan due from a subsidiary company. Following adverse impacts from COVID-19 management have reassessed the expected future cash flows over the remaining contractual period and concluded that no further provision was required in 2021. The contracts are due for renewal in 2022 and 2023. A five year extension has been agreed for the first one and negotiations have commenced on the second one but there is no agreed outcome at present.

	2021	2020
	£'000	£'000
Provision against intercompany loan	-	2,582
	-	2,582

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

8 Other operating income

The company was in receipt of government grants in respect of claims under the coronavirus job retention scheme during the year. The amounts receivable during the year and recognised in the income statement were:

	2021	2020
	£'000	£'000
Government grant	686	1,302
	686	1,302

9 Interest receivable and similar income

	2021	2020
	£'000	£'000
Interest receivable on finance leases	31	59
Group interest receivable	204	350
	235	409

10 Interest payable and similar expenses

	2021	2020
	£'000	£'000
Group interest payable	7	46
Other finance cost (note 26)	80	46
Interest expense on leases	77	100
	164	192

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

11 Tax on profit

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax on profits of the year	904	1,117
Adjustments in respect of prior years	100	(26)
Total current tax	1,004	1,091
Deferred tax:		
Origination and reversal of timing differences	315	328
Adjustments in respect of prior years	(82)	34
Changes in tax rates	453	89
Total deferred tax (note 21)	686	451
Total tax on profit	1,690	1,542

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before taxation	6,164	6,703
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%)	1,171	1,274
Effects of:		
Expenses not deductible for tax purposes or exempt	48	512
Effect of group relief	-	(341)
Changes in tax rates	453	89
Adjustments in respect of prior years	18	8
Total tax charge for the year	1,690	1,542

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

11 Tax on profit (continued)

Factors affecting current and future tax changes

In the Spring Budget 2021, the Government announced that from 1 April 2023 the headline corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% has been substantively enacted at the balance sheet date, its effects are included in these financial statements as deferred tax and has been measured at the rate it is expected to unwind in the future.

12 Intangible assets

	Customer contracts	Software	Total
	£'000	£'000	£'000
Cost			
At 1 January 2021	321	1,821	2,142
Additions	-	343	343
At 31 December 2021	321	2,164	2,485
Accumulated amortisation			
At 1 January 2021	321	1,588	1,909
Charge for the year	-	19	19
At 31 December 2021	321	1,607	1,928
Net book amount			
At 31 December 2021	-	557	557
At 31 December 2020	-	233	233

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

13 Tangible assets

	Land and buildings						Total
	Freehold	Leasehold improvements	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 2021	19,506	246	111	2,679	10,341	3,940	36,823
Additions	55	-	176	57	1,751	77	2,116
Transfers	-	-	-	-	-	-	-
Disposals	(12)	-	-	(134)	(875)	(911)	(1,932)
At 31 December 2021	19,549	246	287	2,602	11,217	3,106	37,007
Accumulated depreciation							
At 1 January 2021	5,862	139	-	1,242	7,841	2,698	17,782
Charge for the year	717	16	-	154	1,229	186	2,302
Disposals	(12)	-	-	(134)	(830)	(910)	(1,886)
At 31 December 2021	6,567	155	-	1,262	8,240	1,974	18,198
Net book amount							
At 31 December 2021	12,982	91	287	1,340	2,977	1,132	18,809
At 31 December 2020	13,644	107	111	1,437	2,500	1,242	19,041

At 31 December 2021 the company had capital commitments of £nil (2020: £133,000).

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

14 Right-of-use assets

	Land & Buildings	Technical Equipment	Other Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2021	866	597	3,342	4,805
Additions	-	-	2,210	2,210
Disposals	-	(32)	(1,101)	(1,133)
At 31 December 2021	866	565	4,451	5,882
Accumulated depreciation				
At 1 January 2021	210	98	1,678	1,986
Charge for the Year	120	120	1,169	1,409
Disposals	-	(13)	(1,101)	(1,114)
At 31 December 2021	330	205	1,746	2,281
Net book amount				
At 31 December 2021	536	360	2,705	3,601
At 31 December 2020	656	499	1,664	2,819

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

15 Investments

	£'000
Cost at 1 January 2021	3,400
Accumulated impairment at 1 January and 31 December 2021	(2,000)
Net book amount at 31 December 2021	1,400

For 2021, the discount rate used in determining the post interest value of the future cash flows is a 10 year gilt rate of 1.18% plus 1% premium (2.18%) (2020: 1.29%).

Interest in group undertakings

The company had the following subsidiary undertakings at 31 December 2021:

Name of undertaking	Description of shares held	Proportion of nominal value of issued shares held		Aggregate capital & reserves £'000	(Loss)/profit for the year £'000
		Direct	Indirect		
B. Braun Sterilog Limited	Ordinary	100%	-	(16,097)	(836)
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%	(1,323)	319
B. Braun Sterilog (Birmingham) Limited	Ordinary	-	100%	(1,338)	(94)

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 companies.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

16 Inventories

	2021	2020
	£'000	£'000
Raw materials and consumables	96	153
Work in progress	135	91
Finished goods and goods for resale	21,385	17,546
	21,616	17,790

Inventories are stated net of a provision of £1,513,000 (2020: £1,297,000).

17 Debtors

	2021	2020
	£'000	£'000
Amounts falling due within one year		
Trade debtors	28,511	30,059
Amounts owed from group undertakings	1,344	1,599
Prepayments and accrued income	1,188	1,286
Finance lease receivable	2,266	1,738
Other debtors	987	331
	34,296	35,013

Included in amounts owed from group undertakings is an intercompany loan to B. Braun Melsungen AG of £nil (2020: £515,000). This amount is unsecured and interest is payable at LIBOR plus 1.0% (2020: LIBOR plus 1.0%). The remaining amounts are normal trading balances and no interest is payable.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

17 Debtors (continued)

	2021	2020
	£'000	£'000
<hr/>		
Amounts falling due after more than one year		
Finance lease receivable	4,347	3,326
Loans receivable from group undertakings	17,635	17,635
Deferred tax (note 21)	359	1,239
	22,341	22,200

Amounts owed from group undertakings are unsecured and have no fixed date of repayment. Interest is received on loans receivable at LIBOR plus 1.0% (2020: LIBOR plus 1.0%). Loans receivable from group undertakings are stated net of provisions against impairment of £7,995,000. For 2021, the discount rate used in determining the post interest value of the future cash flows is a 10 year gilt rate of 1.18% plus 1% premium (2.18%) (2020: 1.29%).

	2021	2020
	£'000	£'000
<hr/>		
Net investment in finance lease receivables comprises:		
Total amounts receivable	6,629	5,110
Less: Interest allocated to future periods	(16)	(46)
	6,613	5,064

Amounts received during the year under finance lease contracts amounted to £1,744,000 (2020: £836,000).

The maturity for the total amounts receivable under finance leases is analysed as follows:

	£'000
Due within one year	2,273
Due within two years	1,375
Due within three years	1,104
Due within four years	943
Due within five years	841
Due after five years	93
Total	6,629

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

18 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	3,859	3,169
Amounts owed to group undertakings	23,631	19,313
Other taxation and social security payable	6,204	5,644
Accruals and deferred income	9,645	14,621
Lease payable	1,698	1,643
Corporation tax liability	-	231
	45,037	44,621

Included in amounts owed to group undertakings is an intercompany loan from B. Braun Melsungen AG of £763,000 (2020: £399,000). This amount is unsecured and interest is payable at LIBOR plus 1.0% (2020: LIBOR plus 1.0%). The remaining amounts are normal trading balances and no interest is payable.

Of the deferred income balance of £948,000 held as at 31 December 2020, £453,000 has subsequently been recognised as revenue in the year ended 31 December 2021.

19 Creditors: amounts falling due after more than one year

	2021	2020
	£'000	£'000
Amounts owed to group undertakings	1,822	1,822
Lease payable	2,504	2,466
	4,326	4,288

Amounts owed to group undertakings are unsecured and have no fixed date of repayment. No interest is payable on these liabilities.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

20 Provisions for liabilities

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

	2021	2020
	£'000	£'000
Capital allowances and other timing differences (note 21)	1,510	1,029

21 Deferred taxation

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

	2021	2020
	£'000	£'000
Tax effect of timing differences because of:		
Capital allowances in excess of depreciation	1,524	1,038
Other timing differences	(14)	(9)
Deferred tax liability excluding that relating to pension scheme	1,510	1,029
Deferred tax asset on the pension scheme	(359)	(1,239)
Net deferred tax liability/(asset)	1,151	(210)

The movement in the deferred tax liability/(asset) is reconciled as follows;

	2021	2020
	£'000	£'000
At 1 January	(210)	293
Charge to income statement	686	451
Charge/(credit) to statement of comprehensive income	675	(954)
Net deferred tax liability/(asset) at 31 December	1,151	(210)

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

22 Called up share capital

	Issued and fully paid	
	2021	2020
	£'000	£'000
9,375,000 (2020: 9,375,000) Ordinary shares of £1 each	9,375	9,375
625,000 (2020: 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.

23 Dividends

The directors have proposed and paid a final dividend of £5,000,000 for 2021 in March 2022 (2020: £nil). The £5,000,000 dividend paid in respect of 2021 will be recorded in the 2022 financial statements.

24 Contingent liabilities

Contingent liabilities in respect of guarantees given to HMRC for VAT deferment duty amount to £78,000 (2020: £300,000). In the opinion of the directors no loss will arise in connection with these guarantees.

25 Financial commitments

The company leases properties, vehicles and other equipment.

Under IFRS 16, the majority of these contracts were recognised as lease liabilities with a corresponding right-of-use asset. In addition, the following amounts were recognised as a selling expense in the 2021 income statement:

	2021	2020
	£'000	£'000
Expenses relating to short term leases	37	77
Expenses relating to low value assets	104	491

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

26 Pension liability

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 a defined contribution scheme which is administered by Aviva which met its auto-enrolment obligations from its staging date of 1 January 2014.

The total pension cost for the year was £3,660,000 (2020: £3,236,000). At the year end £nil (2020: £nil) is included in accruals.

Defined benefit scheme

A full actuarial valuation was carried out at 31 March 2021 and updated at 31 December 2021 by qualified independent actuaries. The major assumptions used by the actuary as at 31 December 2021 were:

	31 December 2021	31 December 2020
Inflation assumption	2.9%	2.4%
Rate of increase in salaries	N/a	N/a
Discount rate	1.9%	1.3%
Rate of increase in pensions in payment	2.9%	2.4%

The mortality assumptions used were as follows:

	2021 Years	2020 Years
Male member aged 65 (current life expectancy) in years	21.2	21.0
Male member aged 40 (life expectancy at age 65) in years	22.9	22.7
Female member aged 65 (current life expectancy) in years	23.9	23.8
Female member aged 40 (life expectancy at age 65) in years	25.7	25.8

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

26 Pension liability (continued)

The assets in the scheme were:

	Value as at 31 December 2021 £'000	Value as at 31 December 2020 £'000
Investment funds	16,080	14,777
Shares and similar securities	5,280	6,447
Real estate	1,003	936
Insurance contracts	192	211
Cash and cash equivalents	805	616
Other	1,667	908
	25,027	23,895

During the year the scheme held investments in a fiduciary management arrangement comprising diversified growth funds and fixed interest vehicles. All assets are held in pooled, unquoted investment funds. The investment managers are responsible for ensuring that the plan is not invested in a manner which exposes the plan or entity to unnecessary risks, or subjected to concentration risks. Governance reports and structures are reviewed regularly by the Trustees to monitor this.

The scheme is closed to future accrual however as it is in deficit a recovery plan was agreed on 16 December 2021 whereby the company will contribute £710,000 per annum from 1 January 2022 increasing by 3.0% per annum (the first increase being due from 1 January 2023) in order to eliminate the deficit by May 2025.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

26 Pension liability (continued)

The following amounts at 31 December 2021 were measured in accordance with the requirements of IAS 19 "Employee benefits (amended 2011)":

Pension liability	2021	2020
	£'000	£'000
Total market value of assets	25,027	23,895
Present value of scheme liabilities	(26,463)	(30,418)
Deficit in the scheme	(1,436)	(6,523)

Reconciliation of present value of scheme liabilities	2021	2020
	£'000	£'000
At 1 January	30,418	24,078
Interest cost	391	488
Actuarial (gains)/losses	(3,654)	6,421
Benefits paid	(692)	(569)
At 31 December	26,463	30,418

Guaranteed Minimum Pensions Equalisation

A UK High Court judgement was made on 26 October 2018 in respect of gender equalisation of guaranteed minimum pensions (GMP) for occupational pension schemes. On 20 November 2020 the High Court ruled that pension schemes will need to revisit individual transfer payments made since 17 May 1990 to check if any additional value is due as a result of GMP equalisation. The company has assessed the impact of GMP equalisation and believes that it will not be material relative to the overall liabilities of the scheme based on an independent estimate.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

26 Pension liability (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 15%
Discount rate	Decrease by 1%	Increase by 18%
Inflation rate	Increase by 1%	Increase by 10%
Inflation rate	Decrease by 1%	Decrease by 9%
Mortality	Increase by 1 year	Decrease by 4%
Mortality	Decrease by 1 year	Increase by 4%

Reconciliation of present value of scheme assets	2021	2020
	£'000	£'000
At 1 January	23,895	21,529
Expected return on scheme assets	311	442
Actuarial gains on plan assets	823	1,823
Employer contributions	690	670
Benefits paid from plan	(692)	(569)
At 31 December	25,027	23,895

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 £1,134,000 (2020: gain of £2,265,000).

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

26 Pension liability (continued)

The following amounts are recognised in the performance statements in the year to 31 December 2021 under the requirements of IAS 19 “Employee benefits (amended 2011)”:

	2021	2020
	£'000	£'000
Operating profit		
Current service cost	-	-
Other finance cost		
Expected return on pension scheme assets	(311)	(442)
Interest on pension scheme liabilities	391	488
Net expense	80	46

Actuarial gains and losses

The amount of actuarial gains recognised in the statement of comprehensive income is £4,477,000 (2020: Losses of £4,597,000).

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 2022 is £710,000 (2021: £690,000).

Potential impact on funding level of the Russian government’s invasion of Ukraine

Given low exposures to Russia and Ukraine (less than 0.5% of total assets), the reaction in global equity markets to date and the high degree of hedging employed by the scheme, funding level movements have been relatively modest and the funding level has held up well. The growth portfolio has delivered the expectation of providing downside protection in this type of environment, and the diversification of asset exposures provided important protection as equity markets sold off.

Defined contribution scheme

The cost of contributions to the defined contribution scheme amounted to £3,579,000 (2020: £3,191,000). At the year end £nil (2020: £nil) is included in accruals.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2021 (continued)

27 Post Balance Sheet Event

On 24 February 2022 the Russian Federation invaded Ukraine causing major disruption on a global scale. The B. Braun group's operations in Russia and Ukraine are limited to the provision of medical products and services to clinics in these countries. B. Braun Medical Limited does not trade with these countries. There has been no significant disruption to operations in the United Kingdom, nor to our major customers, to the best of our knowledge. Management have assessed our non-NHS accounts, the potential for supply chain disruption and volatility in foreign currency and capital markets and concluded that there is no significant risk arising in these areas. As previously stated, the defined benefit pension scheme funding has held up well so far.

Increases in energy costs and other inflationary price rises are of concern and management are taking action to mitigate these wherever possible.

As discussed in the Directors' Report, the latest forecast profit and loss accounts indicate that the company will continue to be profitable and cash generative. Furthermore the directors have received written assurance about the continued availability of Group funding and so have no undue concerns regarding liquidity at the present time.

28 Ultimate parent company

The directors regard B. Braun Holding GmbH & Co. KG, 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 2021 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 SE AG is the smallest and largest group in which these results are consolidated.