

Registered Number 2296559

B Braun Medical Limited
Annual Report
for the year ended 31 December 2009

B Braun Medical Limited
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B Braun Medical Limited

Directors and advisers

Directors

H Hux (Chief Executive Officer)

P J Mitchell

Dr. H-W Grosse

P Parfaniuk

P Steel

Prof. M Ungethüm

D Darling

D Oates

P Skelton

Company Secretary

G Watters

Registered Office

Thorncliffe Park

Sheffield

S35 2PW

Independent Auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 East Parade

Sheffield

S1 2ET

Bankers

HSBC Bank plc, Sheffield

Landesbank Thuringen Essen, Germany

B Braun Medical Limited

Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements of the company for the year ended 31 December 2009.

Principal activities

The company's principal activity during the year was the manufacture and distribution of healthcare products and equipment.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

During recent years the company has invested significantly in the creation of three large decontamination centres, and funded the purchase of an established renal dialysis business on behalf of the B Braun group. The company has provided considerable support to the new businesses as they become established, whilst continuing to seek new areas of growth for its existing core business.

During 2009 it was decided to close the manufacturing facility at Allen Street in Sheffield and to discontinue sales from the company's Downs portfolio to overseas customers. After a period of review this was announced to the employees in 2009. A provision for the costs of closure of £2,375,000 has been made in accordance with FRS 12 "Provisions, contingent liabilities and contingent assets" and the cost has been treated as an exceptional item in the profit and loss account in accordance with FRS 3 "Reporting financial performance".

During 2009 the core company performance exceeded expectation. Above plan sales were achieved in each of its main divisions, and operating profit grew by 17% before exceptional items.

The company supplies goods to the healthcare sector and the directors consider that demand is unlikely to decline significantly in the long term despite the current pessimistic global economic climate. However, it is anticipated that the company will continue to experience downward pressure on margins in the short term as a consequence and the company will continue to monitor this very closely.

During 2010 the company plans to continue to diversify and expand its product offering whilst maintaining its existing focus on profitability improvement and cost control.

Principal risks and uncertainties

The directors consider that the effects of NHS initiatives on market pricing will continue to offer challenges and continue to take this into account when planning for the future. Furthermore, the directors have given due consideration to the levels of funding likely to be available to the NHS in the medium term. Future pension shortfalls also represent an area of uncertainty for the business. The directors continue to ensure that this is taken into account when planning. The directors consider that the weakening of sterling against the euro will also provide challenges in maintaining margins.

Strategy

Having invested in staff and systems over recent years, the company's overriding objective is now to grow profitable turnover commensurate with its long term goals.

B Braun Medical Limited

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 2009 compared to the year ended 31 December 2008. Gross profit as a percentage of sales fell by 2% (2008: rose by 1%). Sales turnover per head increased by 9% (2008: increased by 9%), and supply chain costs as a percentage of sales remained constant (2008: no change). Generally this is in line with the directors' current expectation. The company continues to be accredited with the Investors in People standard.

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, and credit limits are set accordingly. 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.

Results and dividends

The profit and loss account for the year is set out on page 8. The directors do not propose the payment of a final dividend (2008: £nil).

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)
P J Mitchell	
D Darling	
P Steel	
Dr. H-W Grosse	
P Parfaniuk	
Prof. M Ungethüm	
D Oates	
P Skelton	(appointed 4 January 2010)

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

B Braun Medical Limited

Employees

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.

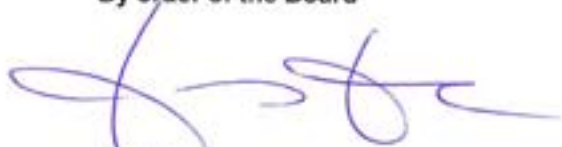
Charitable donations

The charitable contributions made by the company during the year amounted to £5,734 (2008: £4,523). There were no political contributions. The general purpose of charitable donations is the improvement of welfare in the wider community.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



Director
Sheffield

gjh March 2010

B Braun Medical Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Disclosure of information to the auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board


Director
9th March 2010

B Braun Medical Limited

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

We have audited the financial statements of B Braun Medical Limited for the year ended 31 December 2009, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and 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 company's members as a body in accordance with Sections 495 and 496 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.

Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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.

Opinion on other matter prescribed by the Companies Act 2006

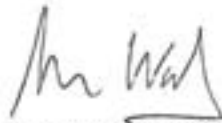
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

B Braun Medical Limited

Matters on which we are required to report by exception

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

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



Andrew Ward (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Sheffield

9th March 2010

B Braun Medical Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover	1	90,541	81,895
Cost of sales		(55,085)	(48,501)
Gross profit		35,456	33,394
Net operating expenses	3	(29,485)	(28,371)
Operating profit	6	5,971	5,023
Provision for loss on operations to be discontinued	7	(2,375)	-
Interest receivable and similar income	8	677	1,692
Interest payable and similar charges	9	(1,386)	(2,588)
Profit on ordinary activities before taxation		2,887	4,127
Tax on profit on ordinary activities	10	(1,445)	(1,442)
Profit for the financial year	21	1,442	2,685

All items dealt with in arriving at operating profit relate to continuing operations. See note 2 for the analysis of continuing operations between those to be retained and those to be closed.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

B Braun Medical Limited

Statement of total recognised gains and losses for the year ended 31 December 2009

	2009	2008
	£'000	£'000
Profit for the financial year	1,442	2,685
Actuarial loss on pension scheme	(1,479)	(655)
Movement on deferred tax relating to pension liability	313	183
Current tax deductions allocated to actuarial losses	101	126
Total recognised profit	377	2,339

B Braun Medical Limited

Balance sheet as at 31 December 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	11	11,170	9,590
Investments	12	3,420	3,420
		14,590	13,010
Current assets			
Stocks	13	11,776	15,637
Debtors	14	54,919	62,343
Cash at bank and in hand		106	340
		66,801	78,320
Creditors: amounts falling due within one year	15	(55,657)	(66,217)
Net current assets		11,144	12,103
Total assets less current liabilities		25,734	25,113
Creditors: amounts falling due after more than one year	16	(6,210)	(7,943)
Provisions for liabilities and charges	18	(1,684)	(511)
Net assets excluding pension liability		17,840	16,659
Pension liability	24	(2,493)	(1,689)
Net assets including pension liability		15,347	14,970
Capital and reserves			
Called up share capital	19	10,000	10,000
Profit and loss reserve	20	5,347	4,970
Equity shareholders' funds	21	15,347	14,970

The financial statements on pages 8 to 31 were approved by the board of directors on 9th March 2010 and were signed on its behalf by:



Director

B Braun Medical Limited

Statement of accounting policies

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Turnover

Turnover represents the invoiced value of goods and services supplied, excluding value added tax and trade discounts. Under normal circumstances, turnover is recognised upon despatch. Where consignment stock arrangements are in place, turnover 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.

Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the useful life of the related assets.

Foreign currencies

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 profit and loss account.

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

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

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

Freehold land is not depreciated.

Leases

The costs of operating leases are charged on a straight-line basis over the lease term.

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Equipment leased to customers

Equipment leased to customers under finance leases is deemed to be sold at normal selling value which is taken to turnover 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 so as to produce a constant rate of return on the net cash investment.

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.

Pensions

The company operates three separate pension schemes, two 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 future accrual for new and existing members.

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 total recognised gains and losses.

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 two 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. The other, administered by Scottish Widows plc, is open to new members.

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

Further details are set out in note 24.

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 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.

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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.

Exceptional items

The company presents as exceptional items those profits or losses which meet the criteria set out in FRS 3 "Reporting financial performance". Exceptional items are shown on the face of the profit and loss account after operating profit to allow shareholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Related party transactions

In accordance with the exemption allowed by FRS 8 "Related Party Transactions", transactions with entities that are part of the B Braun Melsungen AG group are not disclosed.

Exemption from the obligation to prepare group accounts 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 400 from preparing group accounts and the exemption under FRS 1 "Cash Flow Statements" from preparing a cash flow statement.

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Notes to the financial statements for the year ended 31 December 2009

1 Segmental reporting

The company has chosen to take the exemption under SSAP 25 "Segmental Reporting" from presenting a segmental analysis of turnover.

2 Continuing operations

During 2009, the company announced that they were in the process of closing the manufacturing unit at Allen Street, Sheffield, and discontinuing the sale of Downs' products to overseas customers.

The requirements of FRS 3 "Reporting financial performance" only permit those operations disposed of or closed prior to 31 December 2009 to be classified for the purpose of these financial statements as a discontinued operation. The analysis below provides additional information regarding those operations which are proposed to be closed as part of the Company's reorganisation plan.

Continuing operations can be further analysed as follows:

	Turnover		Operating profit	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Operations to be retained	83,676	75,652	5,509	4,220
Operations to be closed	6,865	6,243	462	803
	90,541	81,895	5,971	5,023

3 Net operating expenses

	2009 £'000	2008 £'000
Selling and distribution costs	26,957	26,332
Administrative expenses	2,528	2,039
Net operating expenses	29,485	28,371

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4 Employee information

	2009	2008
	£'000	£'000
Wages and salaries	18,089	15,690
Social security costs	2,033	1,980
Pension costs (note 24)	878	835
	21,000	18,505

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

By activity	2009	2008
	Number	Number
Production	109	102
Sales and administration	337	325
	446	427

5 Directors' emoluments

	2009	2008
	£'000	£'000
Aggregate emoluments	1,051	1,178
Emoluments payable to the highest paid director are as follows:	2009	2008
	£'000	£'000
Aggregate emoluments and benefits	299	332
Money purchase pension scheme:		
- Company contributions paid	10	10

Retirement benefits are accruing to three (2008: three) directors under a defined benefit scheme and to five under a money purchase scheme (2008: six). Company contributions in respect of directors that are members of the money purchase scheme totalled £31,638 for the year (2008: £39,145).

The emoluments of Dr. H-W Grosse and Prof. M Ungethüm are paid by other group companies. These directors are also directors of the ultimate parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of these directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the ultimate parent company.

B Braun Medical Limited

6 Operating profit

	2009	2008
	£'000	£'000
Operating profit is stated after (crediting)/charging:		
Amortisation of government grant	(1)	(2)
Rentals receivable under finance leases	(70)	(68)
Depreciation charge for the period		
- owned assets	1,285	1,107
Auditors' remuneration for:		
- audit	46	47
- taxation services	57	45
- accounting advice	5	-
Hire of plant and machinery – operating leases	1,434	1,543
Hire of land and buildings – operating leases	146	146

7 Provision for loss on operations to be discontinued

During 2009, the company announced the decision to close the manufacturing unit at Allen Street, Sheffield, and discontinue the sale of Downs' products to overseas customers.

	2009	2008
	£'000	£'000
Restructuring and redundancy costs	1,570	-
Write down of stocks	717	-
Impairment of fixed assets	88	-
	2,375	-

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8 Interest receivable and similar income

	2009	2008
	£'000	£'000
On bank deposits	-	33
Interest receivable on finance leases	8	9
Group interest receivable	669	1,639
Other finance income	-	11
	677	1,692

9 Interest payable and similar charges

	2009	2008
	£'000	£'000
On bank loans and overdrafts	763	2,514
Group interest payable	508	26
Onerous lease provision unwinding of discount	28	48
Other finance costs	87	-
	1,386	2,588

10 Tax on profit on ordinary activities

	2009	2008
	£'000	£'000
Current tax:		
UK corporation tax on profits of the period	1,416	1,370
Adjustments in respect of prior periods	681	290
Total current tax	2,097	1,660
Deferred tax:		
Origination and reversal of timing differences	(652)	(218)
Total deferred tax (note 18)	(652)	(218)
Tax on profit on ordinary activities	1,445	1,442

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The current tax charge for the period is higher (2008: higher) than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009	2008
	£'000	£'000
Profit on ordinary activities before taxation	2,887	4,127
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 28.5%)	809	1,176
Effects of:		
Expenses not deductible for tax purposes	279	276
Accelerated capital allowances and other timing differences	328	(183)
Group relief surrendered not paid	-	94
Adjustments in respect of previous periods	681	290
Movement in respect of revaluations or assets becoming non qualifying	-	7
Current tax charge for the period	2,097	1,660

The adjustments in respect of previous periods principally relate to payments for group relief surrendered.

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11 Tangible assets

	Land and buildings						Total
	Freehold	Long leasehold	Assets in the course of construction	Plant and machinery	Demonstration assets	Computer equipment and software, tooling, fixtures and fittings	
	£'000	£'000	£'000	£'000	£'000	£'000	
Cost							
At 1 January 2009	6,881	382	1,741	2,844	4,010	2,680	18,538
Additions	-	-	1,527	119	771	550	2,967
Reclassifications	-	-	(1,136)	-	-	1,136	-
Disposals	-	-	-	(125)	(364)	-	(489)
At 31 December 2009	6,881	382	2,132	2,838	4,417	4,366	21,016
Accumulated depreciation							
At 1 January 2009	2,033	366	-	2,242	1,964	2,343	8,948
Charge for the year	152	16	-	220	741	156	1,285
Impairment	-	-	-	88	-	-	88
Disposals	-	-	-	(119)	(356)	-	(475)
At 31 December 2009	2,185	382	-	2,431	2,349	2,499	9,846
Net book amount							
At 31 December 2009	4,696	-	2,132	407	2,068	1,867	11,170
At 31 December 2008	4,848	16	1,741	602	2,046	337	9,590

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12 Investments

	Interest in group undertakings £'000
At 1 January 2009 and 31 December 2009	3,420

Interest in group undertakings

Details of interest in group undertakings are as follows:

Name of undertaking	Description of shares held	Proportion of nominal value of issued shares held	
		Direct	Indirect
		%	%
B Braun Sterilog Limited	Ordinary	100	-
B Braun Sterilog (Yorkshire) Limited	Ordinary	-	100
B Braun Sterilog (Birmingham) Limited	Ordinary	-	100
Downs Surgical Limited	Ordinary	100	-
Aesculap Academia Company Limited	Ordinary	100	-
Vifor (UK) Limited	Ordinary	73.5	-

All companies are registered and incorporated in England and Wales and have a year end of 31 December.

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 Vifor (UK) Limited are non-trading.

The directors believe that the book value of the net investment (including investments and intercompany debtors and creditors balances) is supported by the discounted future cash flows of the subsidiaries.

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13 Stocks

	2009	2008
	£'000	£'000
Raw materials and consumables	546	1,571
Work in progress	779	859
Finished goods and goods for resale	10,451	13,207
	11,776	15,637

14 Debtors

	2009	2008
	£'000	£'000
Trade debtors	11,814	11,075
Amounts owed by group undertakings	1,376	1,287
Loans receivable from group undertakings	39,324	48,764
Other debtors	178	50
Prepayments and accrued income	868	700
Finance lease receivable	153	223
Deferred tax (note 18)	307	-
Corporation tax	899	244
	54,919	62,343

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%. No interest is receivable on amounts owed by group undertakings.

	2009	2008
	£'000	£'000
Net investment in finance leases comprises:		
Total amounts receivable	160	237
Less: Interest allocated to future periods	(7)	(14)
	153	223

Rentals receivable during the year under finance leases and hire purchase contracts amounted to £70,000 (2008: £68,000).

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15 Creditors – amounts falling due within one year

	2009	2008
	£'000	£'000
Bank loans and overdrafts (note 17)	560	49,316
Trade creditors	1,365	2,697
Amounts owed to group undertakings	46,986	8,172
Other taxation and social security payable	2,167	1,606
Accruals and deferred income	4,579	4,426
	55,657	66,217

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

16 Creditors – amounts falling due after more than one year

	2009	2008
	£'000	£'000
Bank loan (note 17)	2,368	4,101
Amounts owed to group undertakings	3,842	3,842
	6,210	7,943

17 Loans and other borrowings

	2009	2008
	£'000	£'000
Bank loan and overdrafts	2,928	53,417

	2009	2008
	£'000	£'000
Within one year	560	49,316
Between one and two years	462	338
Between two and five years	1,906	1,166
After more than five years	-	2,597
	2,928	53,417

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Included in the above is a bank loan of £2,800,000, which carries interest at a fixed rate of 6.96%. Under the terms of the agreement, repayment is by quarterly instalments until 19 November 2014. The loan is secured by a mortgage over the freehold land and buildings and other assets of the company.

18 Provisions for liabilities and charges

	At 1 January 2009	Profit and loss account	Utilised in period	Unwinding of discount	At 31 December 2009
	£'000	£'000	£'000	£'000	£'000
Provision for onerous leases	166	(33)	(47)	28	114
Restructuring	-	1,570	-	-	1,570
Provision for deferred tax:					
Accelerated capital allowances	370	(370)	-	-	-
Short term timing differences	(25)	25	-	-	-
Total deferred tax	345	(345)	-	-	-
Total provisions	511	1,192	(47)	28	1,684

Onerous Leases

The company has a number of onerous leases on properties that are located in Aylesbury.

The principal assumptions made, concerning the future of the properties and the amounts that may be required to settle the obligations, taking into account expected rentals, are as follows:

- all four units are expected to be sublet for the remaining lease term.
- discount rates used are the average UK Gilt yield interest rates with expiry dates commensurate with the lease terms.

Restructuring

During 2009, the company announced the decision to close the manufacturing unit at Allen Street, Sheffield, and to discontinue the sale of Downs' products to overseas customers. As a result, an £88,000 impairment charge has been recognised against fixed assets and provision has been made as at the year end for £1,570,000 of restructuring and redundancy costs and £717,000 of stock write offs.

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Deferred taxation

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

	£'000	£'000
At 1 January 2009:		
Deferred tax liability due to accelerated capital allowances and short term timing differences	345	
Deferred tax asset on the pension liability	(656)	
		(311)
Deferred tax credit in profit and loss account (as above)	(345)	
Deferred tax credit in profit and loss account (see note 14)	(307)	
		(652)
Deferred tax credit to the statement of total recognised gains and losses		(313)
At 31 December 2009:		
Deferred tax asset due to accelerated capital allowances and short term timing differences	(307)	
Deferred tax asset on the pension liability	(969)	
		(1,276)
	2009	2008
	£'000	£'000
Tax effect of timing differences because of:		
Capital allowances in excess of depreciation	(221)	370
Other timing differences	(86)	(25)
Deferred tax (asset)/liability excluding that relating to pension liability	(307)	345
Pension liability (note 24)	(969)	(656)
Total deferred tax asset	(1,276)	(311)

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19 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Ordinary shares of £1 each	9,375	9,375	9,375	9,375
Ordinary non-voting shares of £1 each	625	625	625	625
	10,000	10,000	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.

20 Reserves

	Profit and loss reserve £'000
At 1 January 2009	4,970
Retained profit for the financial year (note 21)	1,442
Actuarial loss on pension scheme	(1,479)
Movement on deferred tax relating to pension liability	313
Current tax deductions allocated to actuarial losses	101
At 31 December 2009	5,347

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21 Reconciliation of movements in equity shareholders' funds

	2009	2008
	£'000	£'000
Retained profit for the financial year	1,442	2,685
Actuarial loss on pension scheme (note 24)	(1,479)	(655)
Movement on deferred tax relating to pension liability	313	183
Current tax deductions allocated to actuarial losses	101	126
Net addition to shareholders' funds	377	2,339
Opening shareholders' funds	14,970	12,631
Closing shareholders' funds	15,347	14,970

22 Contingent liabilities

Contingent liabilities in respect of guarantees given to HMRC for VAT deferral duty amount to £137,000 (2008: £125,000). Contingent liabilities in respect of other guarantees amount to £nil (2008: £nil).

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

23 Financial commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Within one year	43	-	383	328
Within one to five years	-	146	631	672
	43	146	1,014	1,000

24 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.

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The company also operates two defined contribution schemes. One is administered by Assicurazioni Generali SpA and is closed to new members. The other, which accepts new members, is administered by Scottish Widows plc.

The total pension cost for the year was £878,000 (2008: £835,000). At the year end £nil (2008: £nil) is included in accruals.

Defined benefit scheme

A full actuarial valuation was carried out at 1 January 2006 and updated to 31 December 2009 by qualified independent actuaries. The major assumptions used by the actuary as at 31 December 2009 were:

	31 December 2009	31 December 2008
Inflation assumption	3.5%	2.9%
Rate of increase in salaries	N/A	3.8%
Discount rate	5.5%	6.3%
Rate of increase in pensions in payment	3.5%	2.8%

The mortality assumptions used were as follows:

	2009 Years	2008 Years
Male member aged 65 (current life expectancy)	20.3	20.3
Male member aged 40 (life expectancy at age 65)	21.4	21.4

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The assets in the scheme and the expected rate of return were:

	Long term expected rate of return	Value as at	Long term expected rate of return	Value as at
	31 December 2009	31 December 2009	31 December 2008	31 December 2008
		£'000		£'000
Equities	7.6%	8,550	7.3%	7,090
Bonds	5.5%	1,568	6.3%	1,300
Property	7.6%	12	7.3%	10
Cash	0.5%	1,487	3.8%	1,233
		11,617		9,633

The following amounts at 31 December 2009 were measured in accordance with the requirements of FRS 17 "Retirement benefits":

Pension liability	2009	2008
	£'000	£'000
Total market value of assets	11,617	9,633
Present value of scheme liabilities	(15,079)	(11,978)
Deficit in the scheme	(3,462)	(2,345)
Related deferred tax asset	969	656
Net pension deficit	(2,493)	(1,689)

Reconciliation of present value of scheme liabilities	2009	2008
	£'000	£'000
At 1 January	11,978	14,099
Interest cost	740	795
Actuarial losses/(gains)	2,622	(2,556)
Benefits paid	(261)	(302)
Expenses paid	-	(58)
At 31 December	15,079	11,978

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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 19%
Discount rate	Decrease by 1%	Increase by 25%
Inflation rate	Increase by 1%	Increase by 20%
Inflation rate	Decrease by 1%	Decrease by 16%
Mortality	Increase by 1 year	Increase by 2%
Mortality	Decrease by 1 year	Decrease by 2%

Reconciliation of present value of scheme assets	2009 £'000	2008 £'000
At 1 January	9,633	11,949
Expected return on scheme assets	653	806
Actuarial gains/(losses) on plan assets	1,143	(3,211)
Employer contributions	449	449
Benefits paid from plan	(261)	(302)
Expenses paid	-	(58)
At 31 December	11,617	9,633

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 expected return on scheme assets is determined by considering the asset classes held and assuming rates of return consistent with current yields as well as long term equity out-performance over gilts of 3.5% per annum. A deduction of 0.5% per annum has also been made to the total rate of return to allow for administrative expenses.

The actual return on scheme assets in the year was £1,796,000 (2008: £2,405,000 loss).

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The following amounts are recognised in the performance statements in the year to 31 December 2009 under the requirements of FRS 17 "Retirement benefits":

	2009	2008
	£'000	£'000
Operating profit		
Current service cost	-	-
Other finance costs		
Expected return on pension scheme assets	(653)	(806)
Interest on pension scheme liabilities	740	795
Net cost/(credit)	87	(11)

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £1,077,000 (2008: £402,000).

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 2010 is £449,000.

History of experience gains and losses	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	15,079	11,978	14,099	15,544	14,674
Fair value of plan assets	11,617	9,633	11,949	10,546	9,454
Deficit	3,462	2,345	2,150	4,998	5,220
Difference between the expected and actual return on plan assets:					
Amount	(1,143)	3,211	(297)	(515)	(998)
Percentage of plan assets	10%	33%	(2%)	(5%)	(11%)
Experience loss/(gain) on plan liabilities:					
Amount	225	-	(305)	-	-
Percentage of present value of plan assets	1%	-	(2%)	-	-

Defined contribution scheme

The cost of contributions to the defined contribution scheme amounted to £427,000 (2008: £386,000). At the year end Enil (2008: Enil) is included in accruals.

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25 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 2009 and Aesculap International GmbH, a company registered in Germany, has the remaining 50% interest. Copies of the parent's consolidated financial statements may be obtained from PO Box 110, D3508 Melsungen, Germany.