

Registered number: 2296559

B. Braun Medical Limited

Annual report and financial statements

for the year ended 31 December 2020

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 2020

The directors present their strategic report on the company for the year ended 31 December 2020.

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

2020 saw continued underlying growth from the core business albeit with a change in the product mix due to the COVID pandemic. The company experienced unprecedented demand for its critical care infusion and anaesthesia products but there was 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 2021 year and for the foreseeable future. During 2020 the B. Braun group announced its new strategy for the next decade and the company will align 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 begin to resume during 2021.

During the year sales and marketing activities were significantly curtailed by restrictions on customer visits as hospitals moved to reduce the risk of COVID transmission. The company accepted the availability of the government's coronavirus job retention scheme to support this.

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.

B. Braun Medical Limited

Strategic report for the year ended 31 December 2020 (continued)

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

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 met twice 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. When the parent company requested a dividend payment in February 2020 the directors approved the request. 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. One member of staff celebrated 25 years of employment with the company in 2020.

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.

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 2020 these activities were largely suspended due to the requirement to maintain social distancing and reduce COVID spread.

B. Braun Medical Limited

Strategic report for the year ended 31 December 2020 (continued)

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

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. During the past 12 months 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 waves, 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 2020, close engagement was required with both B. Braun production facilities and the Department of Health to ensure continuity of supply for COVID products but 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.

Principal risks and uncertainties

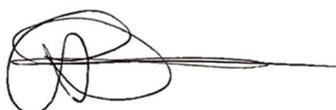
The major customer is the NHS and the directors consider that the effects of NHS initiatives on market pricing will continue to offer challenges. Furthermore, the directors have given due consideration to the levels of funding available to the NHS in the medium term. Future pension shortfalls also represent 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 new challenges. The directors continue to ensure that these factors are taken into account when planning in order to manage and mitigate the risks as efficiently as possible.

B. Braun Medical Limited

Strategic report for the year ended 31 December 2020 (continued)

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 2020 compared to the year ended 31 December 2019. Gross profit as a percentage of sales revenue decreased by 4.6% compared to the previous year (2019: decreased by 0.1%). Sales revenue per head increased by £6,300 (2019: increased by £11,800). Operating Profit as a percentage of sales decreased by 1.3% compared to the prior year (2019: increased by 0.5%). Supply chain costs as a percentage of sales fell by 0.4% to 4.7% (2019: remained static at 5.1%). 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 2019, the organisation was awarded the Investors in People Gold award following its re-accreditation under the new standard.

On behalf of the Board

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

D Oates
Director
29 June 2021

B. Braun Medical Limited

Directors' report for the year ended 31 December 2020

The directors present their report and the audited financial statements of the company for the year ended 31 December 2020.

Future developments

As already discussed in the Strategic Report, during 2021 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 not proposed a final dividend for 2020 (2019: £6,000,000 paid in February 2020).

Going concern

Further to the declaration of Covid-19 as a global pandemic on 11th 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 return to profitability 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 Melsungen AG, 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 Melsungen AG 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 £5,277 (2019: £2,879). There were no political contributions (2019: £nil). The purpose of all charitable donations made during the year was the improvement of welfare in the wider community.

B. Braun Medical Limited

Directors' report for the year ended 31 December 2020 (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:

H Hux	(resigned 31 January 2020)
A Cash	
D Oates	(Group Managing Director)
P Skelton	
P Steel	(resigned 30 April 2021)
D Gold	(appointed 1 July 2020)

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 2020 (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 four 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. Accurate 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 are calculated from metered electricity consumption and supplier specific, local grid, or other published emission factors. No specific sector tools are available and the methodology is based on absolutes. This data is also used for Energy Savings Opportunity Scheme reporting compliance. Although this is the first year of reporting, prior year comparatives are included because the COVID pandemic led to widespread reductions in travel, and footfall at the head office site, and consequent falls in consumption and emissions.

Emissions and energy use (all UK)

	2020	2019	
Energy consumption			
Scope 1 Energy consumption from gas	2,233,899	2,065,965	kWh
Scope 1 Energy consumption from transport	2,320,147	4,843,101	kWh
Scope 2 Energy consumption from electricity	2,812,853	2,631,935	kWh
Total energy consumption	7,366,899	9,541,001	kWh
Emissions			
Scope 1 Emissions from gas	411	380	tCO ₂ e
Scope 1 Emissions from transport	586	1,262	tCO ₂ e
Scope 2 Emissions	656	676	tCO ₂ e
Total emissions	1,653	2,318	tCO₂e

B. Braun Medical Limited

Directors' report for the year ended 31 December 2020 (continued)

Streamlined Energy & Carbon Regulation reporting (continued)

	2020	2019
Intensity ratios		
Intensity ratio 1. Total CO2 Emissions to sales	9.4	14.1
Intensity ratio 2. Vehicle tCO2e to sales	3.3	7.7

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.

Energy efficiency actions in 2020

The main focus of the facilities management team was keeping the main site operational and COVID secure. The head office main office plant room had a new building management system installed.

Our CAPS unit's original office areas heating and cooling was replaced with air conditioning systems (F-Gas). The previous system did not cool at an effective rate. We expect this upgrade to a full air conditioning system to benefit our energy use as well as provide a more comfortable environment for our employees.

Any forklift trucks using bottled gas were exchanged for electric ones.

Clinical and hazardous waste has been reduced by moving glass ampule containers of pharmaceutical products from hazardous waste into a recyclable non-hazardous waste stream, under the supervision of the principal waste contractor.

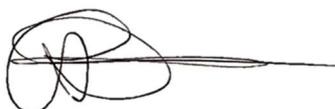
Our car fleet policy has been reviewed and changed in 2020. We introduced the choice of petrol, mild & plug-in hybrid vehicles for qualifying drivers and the option to use a hybrid pool car. We also investigated introducing electric vehicles but decided to delay this until the electric vehicle charging infrastructure has improved throughout the country.

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

29 June 2021

B. Braun Medical Limited

Statement of directors' responsibilities in respect of the financial statements

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

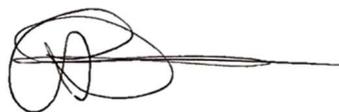
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure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

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

The directors are 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.

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

On behalf of the Board

A handwritten signature in black ink, consisting of a stylized 'D' and 'O' followed by a long horizontal line.

D Oates
Director
29 June 2021

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 2020 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 2020; 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.

B. Braun Medical Limited

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

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.

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 2020 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
29 June 2021

B. Braun Medical Limited

Income statement for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	3	175,606	164,294
Cost of sales		(126,581)	(110,956)
Gross profit		49,025	53,338
Operating expenses	4	(43,841)	(43,938)
Other operating income	8	1,302	-
Operating profit	7	6,486	9,400
Interest receivable and similar income	9	409	408
Interest payable and similar expenses	10	(192)	(355)
Profit before taxation		6,703	9,453
Tax on profit	11	(1,542)	(1,853)
Profit for the financial year		5,161	7,600

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 2020

	2020	2019
	£'000	£'000
Profit for the financial year	5,161	7,600
Actuarial loss on pension scheme	(4,597)	(550)
Movement on deferred tax relating to pension scheme	954	93
Total comprehensive income for the year	1,518	7,143

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 2020

Registered number: 2296559

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	12	233	60
Tangible assets	13	19,041	19,429
Right-of-use assets	14	2,819	2,556
Investments	15	1,400	1,400
		23,493	23,445
Current assets			
Inventories	16	17,790	18,571
Debtors: amounts falling due within one year	17	35,013	30,060
Debtors: amounts falling due after more than one year	17	22,200	23,731
Cash at bank and in hand		150	218
		75,153	72,580
Creditors: amounts falling due within one year	18	(44,621)	(41,662)
Net current assets		30,532	30,918
Total assets less current liabilities		54,025	54,363
Creditors: amounts falling due after more than one year	19	(4,288)	(4,421)
Provision for liabilities	20	(1,029)	(726)
Net assets excluding pension liability		48,708	49,216
Pension liability	26	(6,523)	(2,549)
Net assets including pension liability		42,185	46,667
Capital and reserves			
Called up share capital	22	10,000	10,000
Retained earnings		32,185	36,667
Total shareholders' funds		42,185	46,667

The financial statements on pages 15 to 45 were approved by the Board of directors on 29 June 2021 and were signed on it's behalf by:



P Skelton
Director

B. Braun Medical Limited

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000
At 1 January 2019	10,000	35,294	45,294
Profit for the financial year	-	7,600	7,600
Total comprehensive expense	-	(457)	(457)
Dividend	-	(6,000)	(6,000)
Adjustment on adoption of IFRS16	-	230	230
At 31 December 2019 and 1 January 2020	10,000	36,667	46,667
Profit for the financial year	-	5,161	5,161
Total comprehensive expense	-	(3,643)	(3,643)
Dividend	-	(6,000)	(6,000)
At 31 December 2020	10,000	32,185	42,185

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020

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 2020 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 2020 (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 73 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 2020 (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 2020 (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 2.1%. 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 £2,751,000.

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 2020 (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 2020 (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 2020 (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 2020 (continued)

3 Revenue

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

Revenue is split by geographical location as follows:

	2020	2019
	£'000	£'000
United Kingdom	173,120	162,770
Europe	2,139	1,199
Asia Pacific	347	310
Africa & Middle East	-	7
North America	-	5
South America	-	3
	175,606	164,294

4 Operating expenses

	2020	2019
	£'000	£'000
Sales and distribution costs	36,571	39,612
Administrative expenses	4,688	4,326
Expected credit loss on intercompany loan	2,582	-
Operating expenses	43,841	43,938

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

5 Employee information

	2020	2019
	£'000	£'000
Wages and salaries	30,077	28,221
Social security costs	3,717	3,466
Other pension costs (note 26)	3,191	2,708
	36,985	34,395

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

By activity	2020	2019
	Number	Number
Production	158	143
Sales and administration	520	522
	678	665

6 Directors' emoluments

	2020	2019
	£'000	£'000
Aggregate emoluments (excluding pensions)	1,073	941
Emoluments payable to the highest paid director are as follows:	2020	2019
	£'000	£'000
Aggregate emoluments and benefits	369	288
Money purchase pension scheme:		
- Company contributions paid	5	-

Retirement benefits are accruing to one (2019: one) director under a defined benefit scheme and to four under a money purchase scheme (2019: three). Company contributions in respect of directors that are members of the money purchase scheme totalled £48,000 for the year (2019: £48,000).

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Operating profit

	2020	2019
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Loss on the sale of investments	-	99
Amortisation/depreciation charge for the year		
- intangible assets	31	39
- tangible assets	2,288	2,080
-right-of-use assets	1,432	1,464
Expected credit loss on intercompany loan	2,582	-
Auditors' remuneration for:		
- audit	162	85
- taxation compliance services	37	28
- taxation advisory services	16	-
Increase/(decrease) in inventory provision	77	(259)
Inventories recognised as an expense	105,903	97,778
Foreign exchange losses/(gains)	17	(50)

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 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.

	2020	2019
	£'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 2020 (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:

	2020	2019
	£'000	£'000
Government grant	1,302	-
	1,302	-

9 Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest receivable on finance leases	59	59
Group interest receivable	350	349
	409	408

10 Interest payable and similar expenses

	2020	2019
	£'000	£'000
Group interest payable	46	184
Other finance cost (note 26)	46	65
Interest expense on leases	100	106
	192	355

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

11 Tax on profit

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax on profits of the year	1,117	1,645
Adjustments in respect of prior years	(26)	(205)
Total current tax	1,091	1,440
Deferred tax:		
Origination and reversal of timing differences	328	296
Adjustments in respect of prior years	34	148
Changes in tax rates	89	(31)
Total deferred tax (note 21)	451	413
Total tax on profit	1,542	1,853

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%). The differences are explained below:

	2020	2019
	£'000	£'000
Profit before taxation	6,703	9,453
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.0% (2019: 19.0%)	1,274	1,796
Effects of:		
Expenses not deductible for tax purposes or exempt	512	178
Income not taxable	-	(33)
Effect of group relief	(341)	-
Changes in tax rates	89	(31)
Adjustments in respect of prior years	8	(57)
Total tax charge for the year	1,542	1,853

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (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 corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £142,000, and to increase the deferred tax asset by £66,000.

12 Intangible assets

	Customer contracts	Software	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	321	1,617	1,938
Additions	-	204	204
At 31 December 2020	321	1,821	2,142
Accumulated amortisation			
At 1 January 2020	321	1,557	1,878
Charge for the year	-	31	31
At 31 December 2020	321	1,588	1,909
Net book amount			
At 31 December 2020	-	233	233
At 31 December 2019	-	60	60

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (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 2020	19,348	246	280	2,467	9,194	3,749	35,284
Additions	158	-	45	167	1,425	173	1,968
Transfers	-	-	(214)	45	151	18	-
Disposals	-	-	-	-	(429)	-	(429)
At 31 December 2020	19,506	246	111	2,679	10,341	3,940	36,823
Accumulated depreciation							
At 1 January 2020	5,156	122	-	1,098	6,995	2,484	15,855
Charge for the year	706	17	-	144	1,207	214	2,288
Disposals	-	-	-	-	(361)	-	(361)
At 31 December 2020	5,862	139	-	1,242	7,841	2,698	17,782
Net book amount							
At 31 December 2020	13,644	107	111	1,437	2,500	1,242	19,041
At 31 December 2019	14,192	124	280	1,369	2,199	1,265	19,429

At 31 December 2020 the company had capital commitments of £133,000 (2019: £nil).

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

14 Right-of-use assets

	Land & Buildings	Technical Equipment	Other Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2020	778	103	3,040	3,921
Additions	88	519	1,088	1,695
Disposals	-	(25)	(786)	(811)
At 31 December 2020	866	597	3,342	4,805
Accumulated depreciation				
At 1 January 2020	102	31	1,232	1,365
Charge for the Year	108	92	1,232	1,432
Disposals	-	(25)	(786)	(811)
At 31 December 2020	210	98	1,678	1,986
Net book amount				
At 31 December 2020	656	499	1,664	2,819
At 31 December 2019	676	72	1,808	2,556

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

15 Investments

	£'000
Cost at 1 January 2020	3,400
Accumulated impairment at 1 January and 31 December 2020	(2,000)
Net book amount at 31 December 2020	1,400

Interest in group undertakings

The company had the following subsidiary undertakings at 31 December 2020:

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%	-	(15,261)	(1,003)
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%	(1,857)	154
B. Braun Sterilog (Birmingham) Limited	Ordinary	-	100%	(1,683)	(128)

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 2020 (continued)

16 Inventories

	2020	2019
	£'000	£'000
Raw materials and consumables	153	166
Work in progress	91	81
Finished goods and goods for resale	17,546	18,324
	17,790	18,571

Inventories are stated net of a provision of £1,297,000 (2019: £1,221,000).

17 Debtors

	2020	2019
	£'000	£'000
Amounts falling due within one year		
Trade debtors	30,059	26,389
Amounts owed from group undertakings	1,599	490
Prepayments and accrued income	1,286	1,546
Finance lease receivable	1,738	1,329
Other debtors	331	306
	35,013	30,060

Included in amounts owed from group undertakings is an intercompany loan to B. Braun Melsungen AG of £515,000 (2019: £nil). This amount is unsecured and interest is payable at LIBOR plus 1.0% (2019: 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 2020 (continued)

17 Debtors (continued)

	2020	2019
	£'000	£'000
<hr/>		
Amounts falling due after more than one year		
Finance lease receivable	3,326	2,631
Loans receivable from group undertakings	17,635	20,667
Deferred tax (note 21)	1,239	433
	22,200	23,731

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% (2019: LIBOR plus 1.0%).

	2020	2019
	£'000	£'000
<hr/>		
Net investment in finance lease receivables comprises:		
Total amounts receivable	5,110	4,053
Less: Interest allocated to future periods	(46)	(93)
	5,064	3,960

Amounts received during the year under finance lease contracts amounted to £836,000 (2019: £659,000).

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

	£'000
Due within one year	1,756
Due within two years	1,478
Due within three years	687
Due within four years	497
Due within five years	367
Due after five years	325
Total	5,110

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

18 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	3,169	4,422
Amounts owed to group undertakings	19,313	21,691
Other taxation and social security payable	5,644	5,217
Accruals and deferred income	14,621	7,996
Lease payable	1,643	1,885
Corporation tax liability	231	451
	44,621	41,662

Included in amounts owed to group undertakings is an intercompany loan from B. Braun Melsungen AG of £399,000 (2019: £1,939,000). This amount is unsecured and interest is payable at LIBOR plus 1.0% (2019: LIBOR plus 1.0%). The remaining amounts are normal trading balances and no interest is payable.

Of the deferred income balance of £555,000 held as at 31 December 2019, £530,000 has subsequently been recognised as revenue in the year ended 31 December 2020.

19 Creditors: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Amounts owed to group undertakings	1,822	1,822
Lease payable	2,466	2,599
	4,288	4,421

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 2020 (continued)

20 Provisions for liabilities

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

	2020	2019
	£'000	£'000
Capital allowances and other timing differences (note 21)	1,029	726

21 Deferred taxation

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

	2020	2019
	£'000	£'000
Tax effect of timing differences because of:		
Capital allowances in excess of depreciation	1,038	706
Other timing differences	(9)	20
Deferred tax liability excluding that relating to pension scheme	1,029	726
Deferred tax asset on the pension scheme	(1,239)	(433)
Net deferred tax (asset)/liability	(210)	293

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

	2020	2019
	£'000	£'000
At 1 January	293	(73)
Adjustment in respect of previous years	34	148
Change in tax rates	89	(31)
Other timing differences	180	243
Charge to income statement relating to pension scheme	148	99
Credit to statement of comprehensive income	(954)	(93)
Net deferred tax (asset)/liability at 31 December	(210)	293

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

22 Called up share capital

	Issued and fully paid	
	2020	2019
	£'000	£'000
9,375,000 (2019: 9,375,000) Ordinary shares of £1 each	9,375	9,375
625,000 (2019: 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 not to pay a final dividend for 2020 (2019: £6,000,000 paid in February 2020). The £6,000,000 dividend paid in respect of 2019 is recorded in the 2020 financial statements.

24 Contingent liabilities

Contingent liabilities in respect of guarantees given to HMRC for VAT deferment duty amount to £300,000 (2019: £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 2020 income statement:

	£'000
Expenses relating to short term leases	77
Expenses relating to low value assets	491

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (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 £3,236,000 (2019: £2,773,000). At the year end £nil (2019: £nil) is included in accruals.

Defined benefit scheme

A full actuarial valuation was carried out at 31 March 2018 and updated at 31 December 2020 by qualified independent actuaries. The major assumptions used by the actuary as at 31 December 2020 were:

	31 December 2020	31 December 2019
Inflation assumption	2.4%	2.0%
Rate of increase in salaries	N/a	N/a
Discount rate	1.3%	2.0%
Rate of increase in pensions in payment	2.4%	1.8%

The mortality assumptions used were as follows:

	2020 Years	2019 Years
Male member aged 65 (current life expectancy) in years	21.0	21.0
Male member aged 40 (life expectancy at age 65) in years	22.7	22.8
Female member aged 65 (current life expectancy) in years	23.8	23.8
Female member aged 40 (life expectancy at age 65) in years	25.8	25.8

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

26 Pension liability (continued)

The assets in the scheme were:

	Value as at 31 December 2020 £'000	Value as at 31 December 2019 £'000
Shares and similar securities	6,447	-
Obligations and similar securities with fixed interest	-	6,251
Real estate	936	-
Insurance contracts	211	196
Cash and cash equivalents	616	188
Investment funds	14,777	14,894
Other	908	-
	23,895	21,529

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 20 December 2018 whereby the company will contribute £650,000 per annum from 1 January 2019 increasing by 3.0% per annum (the first increase being due from 1 January 2020) in order to eliminate the deficit by July 2024.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

26 Pension liability (continued)

The following amounts at 31 December 2020 were measured in accordance with the requirements of IAS 19 "Employee benefits (amended 2011)":

Pension liability	2020	2019
	£'000	£'000
Total market value of assets	23,895	21,529
Present value of scheme liabilities	(30,418)	(24,078)
Deficit in the scheme	(6,523)	(2,549)

Reconciliation of present value of scheme liabilities	2020	2019
	£'000	£'000
At 1 January	24,078	21,085
Interest cost	488	603
Actuarial losses	6,421	2,949
Benefits paid	(569)	(559)
At 31 December	30,418	24,078

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 at the date of this report.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (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 18%
Discount rate	Decrease by 1%	Increase by 22%
Inflation rate	Increase by 1%	Increase by 13%
Inflation rate	Decrease by 1%	Decrease by 12%
Mortality	Increase by 1 year	Decrease by 4%
Mortality	Decrease by 1 year	Increase by 4%

Reconciliation of present value of scheme assets	2020	2019
	£'000	£'000
At 1 January	21,529	18,501
Expected return on scheme assets	442	538
Actuarial gains on plan assets	1,823	2,399
Employer contributions	670	650
Benefits paid from plan	(569)	(559)
At 31 December	23,895	21,529

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 £2,265,000 (2019: gain of £2,937,000).

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

26 Pension liability (continued)

The following amounts are recognised in the performance statements in the year to 31 December 2020 under the requirements of IAS 19 “Employee benefits (amended 2011)”:

	2020	2019
	£'000	£'000
<hr/>		
Operating profit		
Current service cost	-	-
<hr/>		
Other finance cost		
Expected return on pension scheme assets	(442)	(538)
Interest on pension scheme liabilities	488	603
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Net expense	46	65
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Actuarial gains and losses

The amount of actuarial losses recognised in the statement of comprehensive income is £4,597,000 (2019: £550,000).

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 2021 is £690,000 (2020: £670,000).

Defined contribution scheme

The cost of contributions to the defined contribution scheme amounted to £3,191,000 (2019: £2,708,000). At the year end £nil (2019: £nil) is included in accruals.

27 Post Balance Sheet Event

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, including health and safety measures for our employees (such as social distancing, working from home and providing personal protective equipment where appropriate) and securing the supply of materials that are essential to our production processes.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

27 Post Balance Sheet Event (continued)

On the 4th January 2021, a further national lockdown was implemented. This has been less impactful when compared to last year. We operate in the healthcare sector and have experienced continued demand for many of our products but have also observed that some of the areas showing decline in 2020 have started to demonstrate some recovery due to the resumption of elective surgery and we expect this to continue. We will continue to follow the various government policies and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our employees.

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 2020 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.