

Registered number: 2296559

B. Braun Medical Limited
Annual report and financial statements
for the year ended 31 December 2010

B. Braun Medical Limited
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for the year ended 31 December 2010

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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

Registered office

Brookdale Road

Thornccliffe Park Estate

Chapelton

Sheffield

South Yorkshire

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 2010

The directors present their report and the audited financial statements of the company for the year ended 31 December 2010.

Principal activities

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

Review of business and future developments

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 2010, the construction of a new Aseptic manufacturing facility was completed and it became operational.

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. This project commenced during 2010 and was substantially complete by 31 December. Consistent with treatment adopted in 2009, associated costs have been separately disclosed as an exceptional item in the profit and loss account in accordance with FRS 3 "Reporting financial performance".

In addition to this, in 2010 revenue was affected by the loss of non-recurring sales in 2009 generated by the Swine Flu pandemic. Our underlying core continuing business remains in growth.

Taking into consideration the comments made above, both the level of business and the year end financial position were satisfactory. The directors expect that the strength in the core continuing business will lead to continued growth in the 2011 year and for the foreseeable future.

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 pressures placed upon public sector expenditure. During the year, the company has experienced downward pressure on margins. This is expected to continue in the short term, and will be monitored closely.

During the year the company made a provision against an inter-company loan of £5,413,000 and against its investment in a subsidiary of £2,000,000 after reviewing the carrying value and recoverability of these amounts.

During 2011 the company plans to continue to diversify and expand its product offering whilst maintaining its existing focus on cost control and profitability improvement.

B. Braun Medical Limited

Directors' report for the year ended 31 December 2010 (continued)

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 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.

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.

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 2010 compared to the year ended 31 December 2009. Gross profit as a percentage of sales fell by 3% (2009: fell by 2%). Sales turnover per head remained constant (2009: increased by 9%), and supply chain costs as a percentage of sales remained constant (2009: no change). Generally this is in line with the directors' current expectation. The company continues to be accredited with the Investors in People standard and achieved the silver award during 2010.

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.

Results and dividends

The profit and loss account for the year is set out on page 8. The directors do not propose payment of a final dividend (2009: £nil).

B. Braun Medical Limited

Directors' report for the year ended 31 December 2010 (continued)

Directors

The directors of the company who were in 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.

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 £2,475 (2009: £5,734). There were no political contributions. The general purpose of charitable donations is the improvement of welfare in the wider community.

Independent 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.

On behalf of the Board



Hans Hux
Director
10th March 2011

B. Braun Medical Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 or she ought to have taken in his duty as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



Hans Hux
Director

10th March 2011

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 2010 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 statement of directors' responsibilities 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 and express an opinion on 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 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.

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 2010 and of its loss 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

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

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.



Joanna Allen (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Sheffield

10 March 2011

B. Braun Medical Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	1	84,435	90,541
Cost of sales		(53,781)	(55,085)
Gross profit		30,654	35,456
Net operating expenses	3	(27,481)	(29,485)
Operating profit before exceptional items	6	3,173	5,971
Exceptional items:			
Provision for impairment	7	(7,413)	-
Loss on operations to be discontinued	8	(999)	(2,375)
Interest receivable and similar income	9	437	677
Interest payable and similar charges	10	(781)	(1,386)
(Loss)/profit on ordinary activities before taxation		(5,583)	2,887
Tax on (loss)/profit on ordinary activities	11	(532)	(1,445)
(Loss)/profit for the financial year	21	(6,115)	1,442

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 (loss)/profit on ordinary activities before taxation and the (loss)/profit for the financial years stated above and their historical cost equivalents.

B. Braun Medical Limited

Statement of total recognised gains and losses for the year ended 31 December 2010

	2010	2009
	£'000	£'000
(Loss)/profit for the financial year	(6,115)	1,442
Actuarial gain/(loss) on pension scheme	1,676	(1,479)
Movement on deferred tax relating to pension liability	(452)	313
Current tax deductions allocated to actuarial losses	-	101
Total recognised (losses)/profit relating to the year	(4,891)	377

B. Braun Medical Limited

Balance sheet as at 31 December 2010

Registered Number: 2296559

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	12	10,550	11,170
Investments	13	1,400	3,420
		11,950	14,590
Current assets			
Stocks	14	8,318	11,776
Debtors	15	45,879	54,919
Cash at bank and in hand		613	106
		54,810	66,801
Creditors: amounts falling due within one year	16	(51,207)	(55,657)
Net current assets		3,603	11,144
Total assets less current liabilities		15,553	25,734
Creditors: amounts falling due after more than one year	17	(3,728)	(6,210)
Provisions for liabilities	19	(420)	(1,684)
Net assets excluding pension liability		11,405	17,840
Pension liability	25	(949)	(2,493)
Net assets including pension liability		10,456	15,347
Capital and reserves			
Called up share capital	20	10,000	10,000
Profit and loss account	21	456	5,347
Total shareholders' funds	22	10,456	15,347

The financial statements on pages 8 to 32 were approved by the board of directors on 10th March 2011 and were signed on its behalf by:



Paul Skelton
Director

B. Braun Medical Limited

Statement of accounting policies

Basis of accounting

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. Furthermore they have been prepared in accordance with consistently applied accounting policies. 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.

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

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

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. 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 depreciation rates 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.

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

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

Leases

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

B. Braun Medical Limited

Statement of accounting policies (continued)

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 year is charged to operating profit. The expected return on the scheme's assets and the increase during the year 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. During 2010 this scheme was approved by HMRC as a salary sacrifice scheme.

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

Further details are set out in note 25.

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

B. Braun Medical Limited

Statement of 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 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.

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 year, so as to facilitate comparison with prior years 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 (Revised 1996) "Cash Flow Statements" from preparing a cash flow statement.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010

1 Turnover

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. This was commenced during 2010 and was substantially complete by 31 December.

The requirements of FRS 3 "Reporting financial performance" only permit those operations disposed of or closed prior to 31 December 2010 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	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Operations to be retained	81,701	83,676	3,852	5,509
Operations to be closed	2,734	6,865	(679)	462
	84,435	90,541	3,173	5,971

3 Net operating expenses

	2010 £'000	2009 £'000
Selling and distribution costs	25,122	26,957
Administrative expenses	2,359	2,528
Net operating expenses	27,481	29,485

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

4 Employee information

	2010	2009
	£'000	£'000
Wages and salaries	15,548	18,089
Social security costs	1,844	2,033
Pension costs (note 25)	753	514
	18,145	20,636

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

By activity	2010	2009
	Number	Number
Production	79	109
Sales and administration	337	337
	416	446

5 Directors' emoluments

	2010	2009
	£'000	£'000
Aggregate emoluments	1,304	1,051
Emoluments payable to the highest paid director are as follows:	2010	2009
	£'000	£'000
Aggregate emoluments and benefits	356	299
Money purchase pension scheme:		
- Company contributions paid	18	10

Retirement benefits are accruing to three (2009: three) directors under a defined benefit scheme and to six under a money purchase scheme (2009: five). Company contributions in respect of directors that are members of the money purchase scheme totalled £69,467 for the year (2009: £31,638).

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

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.

6 Operating profit

	2010	2009
	£'000	£'000
Operating profit is stated after charging/(crediting):		
Amortisation of government grant	-	(1)
Rentals receivable under finance leases	(72)	(70)
Depreciation charge for the year		
- owned assets	1,986	1,285
Profit on disposal of fixed assets	(37)	-
Auditors' remuneration for:		
- audit	63	46
- taxation services	80	57
- accounting advice	-	5
Hire of plant and machinery – operating leases	1,480	1,434
Hire of land and buildings – operating leases	51	146

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

7 Provision for impairment

During the year the company made a provision against an inter company loan due from a subsidiary company. It also made a provision against its investment in the same subsidiary due to doubts about the recoverability of its investment which is loss making.

	2010	2009
	£'000	£'000
Provision against intercompany loan	5,413	-
Provision against investment in subsidiary	2,000	-
	7,413	-

8 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. Associated costs charged to the profit and loss account following the decision are analysed below.

	2010	2009
	£'000	£'000
Restructuring and redundancy costs	785	1,570
Write down of stocks	350	717
Impairment of fixed assets	(62)	88
Profit on sale of fixed assets	(74)	-
	999	2,375

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

9 Interest receivable and similar income

	2010	2009
	£'000	£'000
Interest receivable on finance leases	5	8
Group interest receivable	377	669
Other finance income	55	-
	437	677

10 Interest payable and similar charges

	2010	2009
	£'000	£'000
On bank loans and overdrafts	184	763
Group interest payable	525	508
Onerous lease provision unwinding of discount	-	28
Pension scheme finance cost	72	87
	781	1,386

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

11 Tax on (loss)/profit on ordinary activities

	2010	2009
	£'000	£'000
Current tax:		
UK corporation tax on profits of the year	899	1,416
Adjustments in respect of prior years	(314)	681
Total current tax	585	2,097
Deferred tax:		
Origination and reversal of timing differences	(96)	(652)
Changes in tax rates	43	-
Total deferred tax (note 19)	(53)	(652)
Tax on (loss)/profit on ordinary activities	532	1,445

The current tax charge for the year is higher (2009: higher) than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2010	2009
	£'000	£'000
(Loss)/profit on ordinary activities before taxation	(5,583)	2,887
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	(1,563)	809
Effects of:		
Expenses not deductible for tax purposes	2,301	279
Accelerated capital allowances and other timing differences	164	328
Group relief surrendered not paid	(3)	-
Adjustments in respect of prior years	(314)	681
Current tax charge for the year	585	2,097

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

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

12 Tangible assets

	Land and buildings		Assets in the course of construction	Plant and machinery	Demonstration assets	Computer equipment and software, tooling, fixtures and fittings	Total
	Freehold	Long leasehold					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 January 2010	6,881	382	2,132	2,838	4,417	4,366	21,016
Additions	102	-	-	2	917	214	1,235
Reclassifications	728	-	(2,132)	1,193	-	211	-
Disposals	-	-	-	(1,020)	(614)	(90)	(1,724)
At 31 December 2010	7,711	382	-	3,013	4,720	4,701	20,527
Accumulated depreciation							
At 1 January 2010	2,185	382	-	2,431	2,349	2,499	9,846
Charge for the year	173	-	-	605	844	364	1,986
Disposals	-	-	-	(1,228)	(537)	(90)	(1,855)
At 31 December 2010	2,358	382	-	1,808	2,656	2,773	9,977
Net book amount							
At 31 December 2010	5,353	-	-	1,205	2,064	1,928	10,550
At 31 December 2009	4,696	-	2,132	407	2,068	1,867	11,170

Assets in the course of construction relate to a new aseptic unit costing £2.1m. The unit was completed during the year and costs have been reclassified to their appropriate asset category.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

13 Investments

	Interest in group undertakings £'000
At 1 January 2010	3,420
Provision against investment in subsidiary (note 7)	(2,000)
Disposal of investment in B. Braun Services Limited	(20)
At 31 December 2010	1,400

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	-
B. Braun Healthcare Limited	Ordinary	73.5	-

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

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 B. Braun Healthcare Limited are non-trading.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

14 Stocks

	2010	2009
	£'000	£'000
Raw materials and consumables	190	546
Work in progress	160	779
Finished goods and goods for resale	7,968	10,451
	8,318	11,776

15 Debtors

	2010	2009
	£'000	£'000
Trade debtors	10,407	11,814
Amounts owed by group undertakings	956	1,376
Loans receivable from group undertakings	33,099	39,324
Other debtors	212	178
Prepayments and accrued income	595	868
Finance lease receivable	80	153
Deferred tax (note 19)	526	307
Corporation tax	4	899
	45,879	54,919

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.

	2010	2009
	£'000	£'000
Net investment in finance leases comprises:		
Total amounts receivable	83	160
Less: Interest allocated to future years	(3)	(7)
	80	153

Rentals receivable during the year under finance leases and hire purchase contracts amounted to £72,000 (2009: £70,000).

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Notes to the financial statements for the year ended 31 December 2010 (continued)

16 Creditors – amounts falling due within one year

	2010	2009
	£'000	£'000
Bank loans and overdrafts (note 18)	500	560
Trade creditors	1,269	1,365
Amounts owed to group undertakings	43,069	46,986
Other taxation and social security payable	2,291	2,167
Accruals and deferred income	4,078	4,579
	51,207	55,657

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.

17 Creditors – amounts falling due after more than one year

	2010	2009
	£'000	£'000
Bank loan (note 18)	1,906	2,368
Amounts owed to group undertakings	1,822	3,842
	3,728	6,210

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Notes to the financial statements for the year ended 31 December 2010 (continued)

18 Loans and other borrowings

	2010	2009
	£'000	£'000
Bank loan and overdrafts	2,406	2,928

	2010	2009
	£'000	£'000
Within one year	500	560
Between one and two years	494	462
Between two and five years	1,412	1,906
After more than five years	-	-
	2,406	2,928

Included in the above is a bank loan of £2,368,000, 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.

19 Provisions for liabilities

	At 1 January 2010	Profit and loss account	Utilised in the year	Unwinding of discount	At 31 December 2010
	£'000	£'000	£'000	£'000	£'000
Provision for dilapidations	114	-	1	-	115
Restructuring	1,570	67	(1,332)	-	305
Total provisions	1,684	67	(1,331)	-	420

Dilapidations

The company had a number of long term leases on properties that were located in Aylesbury which came to an end during the year. The amounts provided represent the amounts required for dilapidations.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

19 Provisions for liabilities (continued)

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. This commenced during 2010 and were substantially complete by 31 December. The remaining provision at the year end of £305,000 relates to settlement of agreements with customers, staff retention bonuses and expected site closure costs.

Deferred taxation

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

	£'000	£'000
At 1 January 2010:		
Deferred tax asset due to accelerated capital allowances and short term timing differences	(307)	
Deferred tax asset on the pension liability	(969)	
		(1,276)
Deferred tax credit in profit and loss account	(53)	
		(53)
Deferred tax credit to the statement of total recognised gains and losses		452
At 31 December 2010:		
Deferred tax asset due to accelerated capital allowances and short term timing differences	(526)	
Deferred tax asset on the pension liability	(351)	
		(877)

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

19 Provisions for liabilities (continued)

	2010	2009
	£'000	£'000
Tax effect of timing differences because of:		
Capital allowances in excess of depreciation	(504)	(221)
Other timing differences	(22)	(86)
Deferred tax asset excluding that relating to pension liability	(526)	(307)
Pension liability (note 25)	(351)	(969)
Total deferred tax asset	(877)	(1,276)

20 Called up share capital

	Authorised		Allotted and fully paid	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'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.

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

21 Profit and loss account

	£'000
At 1 January 2010	5,347
Loss for the financial year (note 22)	(6,115)
Actuarial gain on pension scheme (note 25)	1,676
Movement on deferred tax relating to pension liability	(452)
Current tax deductions allocated to actuarial losses	-
At 31 December 2010	456

22 Reconciliation of movements in shareholders' funds

	2010	2009
	£'000	£'000
(Loss)/profit for the financial year	(6,115)	1,442
Actuarial gain/(loss) on pension scheme (note 25)	1,676	(1,479)
Movement on deferred tax relating to pension liability	(452)	313
Current tax deductions allocated to actuarial losses	-	101
Net addition to shareholders' funds	(4,891)	377
Opening shareholders' funds	15,347	14,970
Closing shareholders' funds	10,456	15,347

23 Contingent liabilities

Contingent liabilities in respect of guarantees given to HMRC for VAT deferment duty amount to £150,000 (2009: £137,000). Contingent liabilities in respect of other guarantees amount to £nil (2009: £nil).

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

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

24 Financial commitments

At 31 December 2010 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Within one year	-	43	291	383
Within one to five years	-	-	787	631
	-	43	1,078	1,014

25 Pension commitments

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

The company also 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 £753,000 (2009: £514,000). At the year end £nil (2009: £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 2010 were:

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

25 Pension commitments (continued)

	31 December 2010	31 December 2009
Inflation assumption	2.8%	3.5%
Rate of increase in salaries	N/A	N/A
Discount rate	5.3%	5.5%
Rate of increase in pensions in payment	2.8%	3.5%

The mortality assumptions used were as follows:

	2010 Years	2009 Years
Male member aged 65 (current life expectancy)	21.3	20.3
Male member aged 40 (life expectancy at age 65)	22.5	21.4

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

	Long term expected rate of return	Value as at 31 December 2010	Long term expected rate of return	Value as at 31 December 2009
	31 December 2010	31 December 2010 £'000	31 December 2009	31 December 2009 £'000
Equities	7.3%	8,919	7.6%	8,550
Bonds	5.3%	1,911	5.5%	1,568
Property	7.3%	-	7.6%	12
Cash	3.8%	1,911	0.5%	1,487
		12,741		11,617

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

25 Pension commitments (continued)

The following amounts at 31 December 2010 were measured in accordance with the requirements of FRS 17 "Retirement benefits":

Pension liability	2010	2009
	£'000	£'000
Total market value of assets	12,741	11,617
Present value of scheme liabilities	(14,041)	(15,079)
Deficit in the scheme	(1,300)	(3,462)
Related deferred tax asset	351	969
Net pension deficit	(949)	(2,493)

Reconciliation of present value of scheme liabilities	2010	2009
	£'000	£'000
At 1 January	15,079	11,978
Interest cost	802	740
Actuarial (gains)/losses	(834)	2,622
Benefits paid	(1,006)	(261)
At 31 December	14,041	15,079

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 24%
Inflation rate	Increase by 1%	Increase by 17%
Inflation rate	Decrease by 1%	Decrease by 14%
Mortality	Increase by 1 year	Decrease by 2%
Mortality	Decrease by 1 year	Increase by 2%

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

25 Pension commitments (continued)

Reconciliation of present value of scheme assets	2010 £'000	2009 £'000
At 1 January	11,617	9,633
Expected return on scheme assets	730	653
Actuarial gains on plan assets	842	1,143
Employer contributions	558	449
Benefits paid from plan	(1,006)	(261)
At 31 December	12,741	11,617

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 £1,572,000 (2009: £1,796,000).

The following amounts are recognised in the performance statements in the year to 31 December 2010 under the requirements of FRS 17 "Retirement benefits":

	2010 £'000	2009 £'000
Operating profit		
Current service cost	-	-
Other finance costs		
Expected return on pension scheme assets	(730)	(653)
Interest on pension scheme liabilities	802	740
Net cost	72	87

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £72,000 (2009: £1,749,000).

B. Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2010 (continued)

25 Pension commitments (continued)

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 £500,000.

History of experience gains and losses	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	14,041	15,079	11,978	14,099	15,544
Fair value of plan assets	12,741	11,617	9,633	11,949	10,546
Deficit	1,300	3,462	2,345	2,150	4,998
Difference between the expected and actual return on plan assets:					
Amount	842	(1,143)	3,211	(297)	(515)
Percentage of plan assets	7%	10%	33%	(2%)	(5%)
Experience loss/(gain) on plan liabilities:					
Amount	(279)	225	-	(305)	-
Percentage of present value of plan assets	(2%)	1%	-	(2%)	-

Defined contribution scheme

The cost of contributions to the defined contribution scheme amounted to £681,000 (2009: £427,000). At the year end £nil (2009: £nil) is included in accruals.

26 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 2010 and Aesculap International GmbH, a company registered in Germany, has the remaining 50% interest. Copies of the parent's consolidated financial statements (the smallest and largest group in which the results are consolidated) may be obtained from PO Box 110, D3508 Melsungen, Germany.