

Registered number: 2296559

**B. Braun Medical Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2012**

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for the year ended 31 December 2012

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## **B. Braun Medical Limited**

### **Directors and advisers**

#### **Directors**

H Hux (Chief Executive Officer)  
P J Mitchell  
P Parfaniuk  
P Steel  
Prof. M Ungethüm  
D Darling  
D Oates  
P Skelton  
Dr. A Beller  
R P Matthews

#### **Registered office**

Brookdale Road  
Thorncliffe Park Estate  
Chapelton  
Sheffield  
S35 2PW

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 East Parade  
Sheffield  
S1 2ET

#### **Bankers**

HSBC Bank plc, Sheffield  
Landesbank Thuringen Essen, Germany

## **B. Braun Medical Limited**

### **Directors' report for the year ended 31 December 2012**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012.

#### **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 business and future developments**

2012 saw continued underlying growth from the core business and improved operating profitability arising from recent initiatives.

Taking into consideration the comments made in this review, both the level of business and the year end financial position were good. The directors expect that the strength in the core business will lead to continued growth in the 2013 year and for the foreseeable future.

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

During 2013 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.

Previously, 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 provided considerable support to the new businesses as they became established, whilst continuing to seek new areas of growth for its existing core business. During 2010, a new Aseptic manufacturing facility was built and it became operational. In 2011, the company extended its distribution facility in Sheffield. The company opened a new Technical Services facility in Sheffield in 2012 to further enhance its service portfolio.

The comparative results for 2011 show a loss on discontinued operations. 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 2011. Consistent with treatment adopted in 2009, 2010, associated costs in 2011, were separately disclosed as an exceptional item in the profit and loss account in accordance with FRS 3 "Reporting financial performance".

## **B. Braun Medical Limited**

### **Directors' report for the year ended 31 December 2012 (continued)**

#### **Principal risks and uncertainties**

The directors consider that the effects of NHS initiatives on market pricing will continue to offer challenges. Furthermore, the directors have given due consideration to the levels of funding available to the NHS in the medium term. Future pension shortfalls also represent an area of uncertainty for the business. The directors continue to ensure that these factors are 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 2012 compared to the year ended 31 December 2011. Gross profit as a percentage of sales was maintained in line with the previous year (2011: rose by 2%). Sales turnover per head grew by 10.5% (2011: grew by 9%), and supply chain costs as a percentage of sales fell by 1% (2011: fell by 1%). 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 Gold award during 2012.

#### **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 the payment of a final dividend (2011: £nil).

## B. Braun Medical Limited

### Directors' report for the year ended 31 December 2012 (continued)

#### Directors

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

H Hux	(Chief Executive Officer)
P J Mitchell	
D Darling	
P Steel	
Dr. H-W Grosse	(resigned 2 April 2012)
P Parfaniuk	
Prof. M Ungethüm	
D Oates	
P Skelton	
Dr. A Beller	(appointed 2 April 2012)
R P Matthews	(appointed 1 January 2013)

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

#### Employees

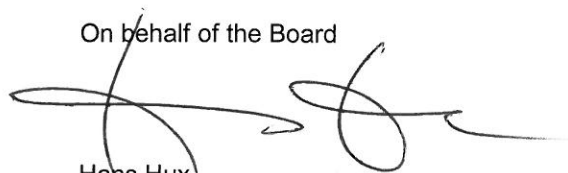
The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes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

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

#### Charitable donations

The charitable contributions made by the company during the year amounted to £7,228 (2011: £3,800). There were no political contributions (2011: £nil). The purpose of all charitable donations made during the year was the improvement of welfare in the wider community.

On behalf of the Board



Hans Hux  
Director  
15<sup>th</sup> March 2013

## 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 prepared 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 period. 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 they ought to have taken in their duty 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



Hans Hux  
Director  
15<sup>th</sup> March 2013

## **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 2012 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. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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



## **B. Braun Medical Limited**

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

#### **Matters on which we are required to report by exception**

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

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



Andy Ward (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Sheffield  
15 March 2013

## B. Braun Medical Limited

### Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover	2	98,336	85,882
Cost of sales		(60,696)	(52,583)
Gross profit		37,640	33,299
Net operating expenses	3	(30,362)	(27,855)
<b>Operating profit</b>	6	<b>7,278</b>	5,444
<b>Exceptional items:</b>			
Profit/(loss) on discontinued operations	7	234	(620)
Interest receivable and similar income	8	482	480
Interest payable and similar charges	9	(571)	(681)
<b>Profit on ordinary activities before taxation</b>		<b>7,423</b>	4,623
Tax on profit on ordinary activities	10	(1,885)	(1,524)
<b>Profit for the financial year</b>	20	<b>5,538</b>	3,099

See note 2 for the analysis of operations between those to be retained and those to be discontinued in 2011. All operations in 2012 are continuing.

There is no difference between the profit on ordinary activities before taxation and the 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 2012

	2012	2011
	£'000	£'000
Profit for the financial year	5,538	3,099
Actuarial loss on pension scheme	(515)	(2,258)
Movement on deferred tax relating to pension scheme	126	564
<b>Total recognised gains and losses relating to the year</b>	<b>5,149</b>	<b>1,405</b>

## B. Braun Medical Limited

### Balance sheet as at 31 December 2012

Registered number: 2296559

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Tangible assets	11	11,557	11,615
Investments	12	1,400	1,400
		<b>12,957</b>	13,015
<b>Current assets</b>			
Stocks	13	8,252	7,644
Debtors: amounts falling due within one year	14	48,762	47,252
Debtors: amounts falling due after more than one year	14	231	-
Cash at bank and in hand		65	161
		<b>57,310</b>	55,057
<b>Creditors: amounts falling due within one year</b>	15	<b>(48,241)</b>	(50,715)
<b>Net current assets</b>		<b>9,069</b>	4,342
<b>Total assets less current liabilities</b>		<b>22,026</b>	17,357
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(2,703)</b>	(3,234)
<b>Provisions for liabilities and charges</b>	18	-	(49)
<b>Net assets excluding pension liability</b>		<b>19,323</b>	14,074
Pension liability	24	(2,313)	(2,213)
<b>Net assets including pension liability</b>		<b>17,010</b>	11,861
<b>Capital and reserves</b>			
Called up share capital	19	10,000	10,000
Profit and loss account	20	7,010	1,861
<b>Total shareholders' funds</b>	21	<b>17,010</b>	11,861

The financial statements on pages 8 to 32 were approved by the Board of directors on 15<sup>th</sup> March 2013 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 principles. The principal accounting policies are set out below.

#### **Turnover**

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

##### Supply of goods

Under normal circumstances, turnover is recognised upon despatch of healthcare products and equipment. 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.

##### Service provision

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

##### Leasing

The Company provides equipment to customers under a variety of leasing arrangements. In the vast majority of cases, these are classified as operating leases within the criteria of SSAP 21, and revenue is recognised on a straight-line basis over the lease term. Where the risk and rewards of ownership are deemed to have transferred to the customer, finance lease accounting is adopted. The standard sales price is recognised as revenue on inception, and interest income is allocated over the contractual term.

#### **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.

## B. Braun Medical Limited

### Statement of accounting policies (continued)

#### 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 categories 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.

#### 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.

#### 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.

## **B. Braun Medical Limited**

### **Statement of accounting policies (continued)**

#### **Pensions**

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

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

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

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

The two further schemes are defined contribution schemes, which are funded by contributions partly from employees and partly from the company. One of these schemes is administered by Assicurazioni Generali SpA and is closed to new members. The other, administered by Scottish Widows plc, is open to new members. 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 24.

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 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.

#### **Exceptional items**

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

#### **Related party transactions**

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

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

The company is a wholly-owned subsidiary of B. Braun Melsungen AG and the results and cash flows of the company are included in the consolidated financial statements of that company. Accordingly, the company has chosen to take the exemption under the Companies Act 2006 Section 400 from preparing group financial statements 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 2012

#### 1 Segmental reporting

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

#### 2 Continuing/discontinued 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 2011.

The analysis below provides additional information regarding those operations which have been discontinued as part of the Company's reorganisation plan:

	Turnover		Operating profit	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Operations to be retained	98,336	84,640	7,512	5,580
Discontinued operations	-	1,242	-	(136)
	<b>98,336</b>	<b>85,882</b>	<b>7,512</b>	<b>5,444</b>

#### 3 Net operating expenses

	2012 £'000	2011 £'000
Distribution costs	27,755	25,442
Administrative expenses	2,607	2,413
Net operating expenses	<b>30,362</b>	<b>27,855</b>

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 4 Employee information

	2012	2011
	£'000	£'000
Wages and salaries	17,043	15,369
Social security costs	2,219	2,023
Other pension costs (note 24)	1,172	954
	<b>20,434</b>	<b>18,346</b>

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

By activity	2012	2011
	Number	Number
Production	55	51
Sales and administration	347	337
	<b>402</b>	<b>388</b>

#### 5 Directors' emoluments

	2012	2011
	£'000	£'000
Aggregate emoluments (excluding pensions)	1,195	1,180
Emoluments payable to the highest paid director are as follows:	2012	2011
	£'000	£'000
Aggregate emoluments and benefits	297	302
Money purchase pension scheme:		
- Company contributions paid	71	98

Retirement benefits are accruing to three (2011: three) directors under a defined benefit scheme and to six under a money purchase scheme (2011: six). Company contributions in respect of directors that are members of the money purchase scheme totalled £225,000 for the year (2011: £193,000).

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

The emoluments of Dr. H-W Grosse, Prof. M Ungethüm and Dr. A Beller 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

	2012	2011
	£'000	£'000
Operating profit is stated after (crediting)/charging:		
Rentals receivable under finance leases	(23)	(75)
Depreciation charge for the year		
- owned assets	1,709	1,693
Auditors' remuneration for:		
- audit	68	68
- taxation services	39	19
- other services	11	12
Hire of plant and machinery – operating leases	1,256	1,576
Hire of land and buildings – operating leases	72	-

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 7 Provision for loss on operations to be discontinued

During 2009, the company announced the decision to close the manufacturing unit at Allen Street, Sheffield, and discontinue the sale of Downs' products to overseas customers. Associated costs charged to the profit and loss account are analysed below. This was substantially completed by 31 December 2011.

	2012	2011
	£'000	£'000
Restructuring and redundancy costs	-	441
Write down of stocks	-	235
Profit on sale of fixed assets	(234)	(56)
	(234)	620

#### 8 Interest receivable and similar income

	2012	2011
	£'000	£'000
Interest receivable on finance leases	3	2
Group interest receivable	470	383
Other finance income	9	95
	482	480

#### 9 Interest payable and similar charges

	2012	2011
	£'000	£'000
On bank loans and overdrafts	120	152
Group interest payable	451	529
	571	681

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 10 Tax on profit on ordinary activities

	2012	2011
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax on profits of the year	1,733	1,148
Adjustments in respect of prior years	(134)	17
<b>Total current tax</b>	<b>1,599</b>	<b>1,165</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	204	293
Changes in tax rates	82	66
<b>Total deferred tax (note 18)</b>	<b>286</b>	<b>359</b>
<b>Total tax on profit on ordinary activities</b>	<b>1,885</b>	<b>1,524</b>

The current tax assessed for the year is lower (2011: lower) than the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are explained below:

	2012	2011
	£'000	£'000
<b>Profit on ordinary activities before taxation</b>	<b>7,423</b>	<b>4,623</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	1,819	1,225
Effects of:		
Expenses not deductible for tax purposes	128	249
Capital allowances in excess of depreciation and other timing differences	(88)	(326)
Adjustments in respect of prior years	(134)	17
Items charged elsewhere	(126)	-
<b>Total current tax charge for the year</b>	<b>1,599</b>	<b>1,165</b>

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### Factors affecting current and future tax changes

During the year, as a result of changes in the UK corporation tax rate to 24% which was substantially enacted on 26 March 2012 and was effective from 1 April 2012; and to 23% which was substantially enacted on 3 July 2012 and will be effective from 1 April 2013, the relevant deferred tax balances have been re-measured.

A further reduction to the UK corporation tax rate has been announced. The change proposes to reduce the rate from 23% to 21% from 1 April 2014. The change had been announced but not substantially enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

#### 11 Tangible assets

	Land and buildings			Plant and machinery	Demonstration assets	Computer equipment and software, tooling, fixtures and fittings	Total
	Freehold	Long leasehold	Assets in the course of construction				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>							
At 1 January 2012	8,052	382	1,297	2,513	5,380	4,878	22,502
Additions	263	-	29	78	1,000	398	1,768
Reclassifications	1,244	-	(1,297)	53	(12)	12	-
Disposals	(7)	-	-	(137)	(455)	-	(599)
<b>At 31 December 2012</b>	<b>9,552</b>	<b>382</b>	<b>29</b>	<b>2,507</b>	<b>5,913</b>	<b>5,288</b>	<b>23,671</b>
<b>Accumulated depreciation</b>							
At 1 January 2012	2,537	382	-	1,362	3,528	3,078	10,887
Charge for the year	234	-	-	79	978	418	1,709
Disposals	(6)	-	-	(136)	(340)	-	(482)
<b>At 31 December 2012</b>	<b>2,765</b>	<b>382</b>	<b>-</b>	<b>1,305</b>	<b>4,166</b>	<b>3,496</b>	<b>12,114</b>
<b>Net book amount</b>							
<b>At 31 December 2012</b>	<b>6,787</b>	<b>-</b>	<b>29</b>	<b>1,202</b>	<b>1,747</b>	<b>1,792</b>	<b>11,557</b>
At 31 December 2011	5,515	-	1,297	1,151	1,852	1,800	11,615

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 12 Investments

	Interest in group undertakings £'000
Cost of investment at 1 January and 31 December 2012	3,400
Accumulated impairment at 1 January and 31 December 2012	(2,000)
<b>Net book amount at 1 January and 31 December 2012</b>	<b>1,400</b>

#### 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 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.

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 2012 (continued)

#### 13 Stocks

	2012	2011
	£'000	£'000
Raw materials and consumables	136	168
Work in progress	122	113
Finished goods and goods for resale	7,994	7,363
	<b>8,252</b>	<b>7,644</b>

#### 14 Debtors

	2012	2011
	£'000	£'000
Amounts falling due within one year		
Trade debtors	16,045	13,550
Amounts owed by group undertakings	871	861
Loans receivable from group undertakings	30,749	31,652
Other debtors	209	78
Prepayments and accrued income	597	767
Finance lease debtor	60	-
Deferred tax (note 18)	231	344
	<b>48,762</b>	<b>47,252</b>

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% (2011: LIBOR plus 1.00%). No interest is receivable on amounts owed by group undertakings.

	2012	2011
	£'000	£'000
Amounts falling due after more than one year		
Finance lease debtor	231	-
	<b>231</b>	<b>-</b>



## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

	2012	2011
	£'000	£'000
Net investment in finance leases comprises:		
Total amounts receivable	308	-
Less: Interest allocated to future periods	(17)	-
	<b>291</b>	-

Rentals receivable during the year under finance leases and hire purchase contracts amounted to £23,000 (2011: £75,000).

#### 15 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Bank loans and overdrafts (note 17)	545	536
Trade creditors	1,895	2,025
Amounts owed to group undertakings	36,073	40,271
Other taxation and social security payable	3,946	3,116
Accruals and deferred income	5,782	4,767
	<b>48,241</b>	50,715

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% (2011: LIBOR plus 1.00%). The remaining amounts are unsecured and no interest is payable on the liability.

#### 16 Creditors: amounts falling due after more than one year

	2012	2011
	£'000	£'000
Bank loan (note 17)	881	1,412
Amounts owed to group undertakings	1,822	1,822
	<b>2,703</b>	3,234

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 17 Loans and other borrowings

	2012	2011
	£'000	£'000
Bank loan and overdrafts	1,426	1,948

	2012	2011
	£'000	£'000
Within one year	545	536
Between one and two years	881	531
Between two and five years	-	881
	1,426	1,948

Included in the above is a bank loan of £1,412,000 (2011: £1,906,000), which carries interest at a fixed rate of 6.96%. Under the terms of the agreement, repayment is by quarterly instalments until 19 November 2014. The loan is secured by a mortgage over the freehold land and buildings and other assets of the company.

#### 18 Provisions for liabilities

	At 1 January 2012	Profit and loss account	Utilised in year	Unwinding of discount	At 31 December 2012
	£'000	£'000	£'000	£'000	£'000
Restructuring	49	-	(49)	-	-
<b>Total provisions</b>	49	-	(49)	-	-

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (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 was substantially completed by 31 December 2011. The remaining provision of £49,000 related to expected site closure cost and was utilised during 2012.

#### Deferred taxation

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

	£'000	£'000
<b>At 1 January 2012:</b>		
Deferred tax asset due to accelerated capital allowances and short term timing differences	(344)	
Deferred tax asset on the pension scheme	(738)	
		(1,082)
Deferred tax charge in profit and loss account		286
Deferred tax credit to the statement of total recognised gains and losses		(126)
<b>At 31 December 2012:</b>		
Deferred tax asset due to accelerated capital allowances and short term timing differences	(231)	
Deferred tax asset on the pension scheme	(691)	
		(922)
	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Tax effect of timing differences because of:</b>		
Capital allowances in excess of depreciation	(219)	(331)
Other timing differences	(12)	(13)
Deferred tax asset excluding that relating to pension scheme	(231)	(344)
Deferred tax asset on the pension scheme (note 24)	(691)	(738)
<b>Total deferred tax asset</b>	<b>(922)</b>	<b>(1,082)</b>

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 19 Called up share capital

	Allotted and fully paid	
	2012	2011
	£'000	£'000
Ordinary shares of £1 each	9,375	9,375
Ordinary non-voting shares of £1 each	625	625
	<b>10,000</b>	<b>10,000</b>

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

#### 20 Reserves

	Profit and loss account
	£'000
At 1 January 2012	1,861
Profit for the financial year (note 21)	5,538
Actuarial loss on pension scheme (note 24)	(515)
Movement on deferred tax relating to pension scheme	126
<b>At 31 December 2012</b>	<b>7,010</b>

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 21 Reconciliation of movements in shareholders' funds

	2012	2011
	£'000	£'000
Profit for the financial year	5,538	3,099
Actuarial loss on pension scheme (note 24)	(515)	(2,258)
Movement on deferred tax relating to pension scheme	126	564
Net addition to shareholders' funds	5,149	1,405
Opening shareholders' funds	11,861	10,456
<b>Closing shareholders' funds</b>	<b>17,010</b>	<b>11,861</b>

#### 22 Contingent liabilities

Contingent liabilities in respect of guarantees given to HMRC for VAT deferral duty amount to £150,000 (2011: £150,000). Contingent liabilities in respect of other guarantees amount to £nil (2011: £nil).

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

#### 23 Financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases relating to equipment expiring as follows:

	2012	2011
	£'000	£'000
Within one year	139	348
Within two to five years	1,299	882
After five years	103	-
	<b>1,541</b>	<b>1,230</b>

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 24 Pension commitments

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

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 £1,172,000 (2011: £954,000). At the year end £nil (2011: £nil) is included in accruals.

#### Defined benefit scheme

A full actuarial valuation was carried out at 1 January 2006 and updated to 31 December 2012 by qualified independent actuaries. The major assumptions used by the actuary as at 31 December 2012 were:

	31 December 2012	31 December 2011
Inflation assumption	2.5%	2.6%
Rate of increase in salaries	N/A	N/A
Discount rate	4.5%	4.7%
Rate of increase in pensions in payment	2.5%	2.6%

The mortality assumptions used were as follows:

	2012 Years	2011 Years
Male member aged 65 (current life expectancy)	21.5	21.4
Male member aged 45 (life expectancy at age 65)	23.3	22.6

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

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

	Long term expected rate of return	Value as at	Long term expected rate of return	Value as at
	31 December 2012	31 December 2012	31 December 2011	31 December 2011
		£'000		£'000
Equities	6.8%	6,030	6.6%	8,608
Bonds	4.5%	4,217	4.7%	3,656
Cash	3.3%	231	3.1%	307
Other	6.8%	3,628	-	
		<b>14,106</b>		<b>12,571</b>

The following amounts at 31 December 2012 were measured in accordance with the requirements of FRS 17 "Retirement benefits":

<b>Pension liability</b>	2012	2011
	£'000	£'000
Total market value of assets	14,106	12,571
Present value of scheme liabilities	(17,110)	(15,522)
Deficit in the scheme	(3,004)	(2,951)
Related deferred tax asset	691	738
Net pension deficit	<b>(2,313)</b>	<b>(2,213)</b>
<b>Reconciliation of present value of scheme liabilities</b>	2012	2011
	£'000	£'000
At 1 January	15,522	14,041
Interest cost	719	730
Actuarial losses	1,310	1,286
Benefits paid	(441)	(535)
<b>At 31 December</b>	<b>17,110</b>	<b>15,522</b>

## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (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 17%
Discount rate	Decrease by 1%	Increase by 21%
Inflation rate	Increase by 1%	Increase by 11%
Inflation rate	Decrease by 1%	Decrease by 11%
Mortality	Increase by 1 year	Decrease by 2%
Mortality	Decrease by 1 year	Increase by 2%

Reconciliation of present value of scheme assets	2012	2011
	£'000	£'000
At 1 January	12,571	12,741
Expected return on scheme assets	728	825
Actuarial gains / (losses) on plan assets	795	(972)
Employer contributions	453	512
Benefits paid from plan	(441)	(535)
<b>At 31 December</b>	<b>14,106</b>	<b>12,571</b>

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.

The actual gain on scheme assets in the year was £1,523,000 (2011: loss of £147,000).



## B. Braun Medical Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

The following amounts are recognised in the performance statements in the year to 31 December 2012 under the requirements of FRS 17 "Retirement benefits":

	2012	2011
	£'000	£'000
<b>Operating profit</b>		
Current service cost	-	-
<b>Other finance income</b>		
Expected return on pension scheme assets	(728)	(825)
Interest on pension scheme liabilities	719	730
Net income	(9)	(95)

#### Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £2,846,000 (2011: £2,331,000).

#### 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 2012 is £540,000 (2011: £460,000).

<b>History of experience gains and losses</b>	<b>2012</b>	2011	2010	2009	2008
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	17,110	15,522	14,041	15,079	11,978
Fair value of plan assets	14,106	12,571	12,741	11,617	9,633
Deficit	3,004	2,951	1,300	3,462	2,345
Difference between the expected and actual return on plan assets:					
Amount	795	(972)	842	(1,143)	3,211
Percentage of plan assets	6%	(8%)	7%	10%	33%
Experience loss/(gain) on plan liabilities:					
Amount	565	6	(279)	225	-
Percentage of present value of plan assets	3%	-	(2%)	1%	-

## **B. Braun Medical Limited**

### **Notes to the financial statements for the year ended 31 December 2012 (continued)**

#### **Defined contribution scheme**

The cost of contributions to the defined contribution scheme amounted to £1,172,000 (2011: £954,000). At the year end £nil (2011: £nil) is included in accruals.

#### **25 Ultimate parent company**

The directors regard B. Braun Melsungen AG, a company registered in Germany, as the ultimate parent company and controlling party. According to the register kept by the Company, B. Braun Melsungen AG has a 50% interest in the equity of B. Braun Medical Limited at 31 December 2012 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 PO Box 110, D3508 Melsungen, Germany.

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