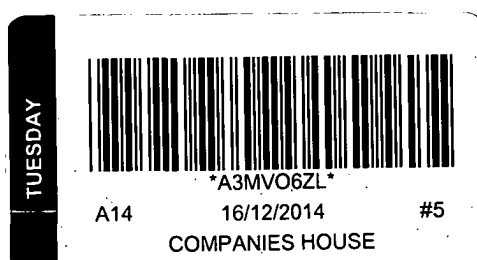


BESPAK EUROPE LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 APRIL 2014
REGISTERED NUMBER: 03515896



BESPAK EUROPE LIMITED

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BESPAK EUROPE LIMITED

OFFICERS AND ADVISERS

Directors

J M Glenn
R Cotton

Company secretary and general counsel

I S Ward

Registered office

Suite D, Ground Floor
Breakspear Park
Breakspear Way
Hemel Hempstead
Hertfordshire
HP2 4TZ
England

Registered number

03515896

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Abacus House
Castle Park
Cambridge
CB3 0AN

Bankers

National Westminster Bank Plc
4 Tuesday Market Place
King's Lynn
Norfolk
PE30 1YY

BESPAK EUROPE LIMITED

STRATEGIC REPORT

The directors present their Strategic report of the Company for the year ended 30 April 2014.

Principal activities

The principal activities of the Company are the design, development, manufacture and sale of drug delivery technologies and services to the pharmaceutical industry.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties are reliance upon key customers, the supply chain, regulatory risk, key employee retention and business continuity. Further discussion of these key risks and uncertainties, in the context of the Consort Medical plc Group as a whole, is provided in the directors' report within Consort Medical plc's annual report which does not form part of this report.

Results and dividends

The profit for the financial year was £20,507,000 (2013: £17,327,000) which will be transferred to reserves. The directors do not recommend the payment of a dividend for the year (2013: £20,000,000).

Review of business and future developments

A review of the Consort Group business can be found on pages 10 to 21 of Consort Medical plc's annual report. This review includes a balanced and comprehensive analysis of the performance of the business of the Company and a description of the main trends and factors likely to affect the future development, performance or position of the business at the end of the year, using key performance indicators where appropriate.

The financial key performance indicators ("KPIs") of the Consort Medical plc Group are revenues from non-MDI products, operating cash flow as a percentage of operating profit before special items and adjusted earnings per share from continuing operations before special items. These have been discussed on a group-wide basis, including the Company, in the section "Key performance indicators" of the strategic report within the Consort Medical plc annual report which does not form part of this report.

The Company is increasing the breadth of its offering in the metered dose inhaler ("MDI") market to consolidate its position as a market leader. This increased offering includes the development of new valve ranges, dose counters and other services. It is also engaged with major pharmaceutical companies to develop dry powder inhaler ("DPI") technologies for mass manufacture.

By order of the Board



R Cotton

Director

25 November 2014

BESPAK EUROPE LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 30 April 2014.

General information

The Company is a limited liability company incorporated and domiciled in England and Wales.

Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

R Cotton
J M Glenn

Directors' indemnities

Qualifying third-party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006 were in place during the year. These arrangements remain in effect as at the date of this report.

Directors' and officers' liability insurance

Insurance cover is in force in respect of the personal liabilities which may be incurred by directors and officers of the Consort Medical plc Group in the course of their service with the Group.

Future developments

Future developments have been disclosed in the Strategic Report.

Dividends

Details of dividends recommended and paid are disclosed in the Strategic Report.

Research and development

The Company has a programme of continuous investment in its product development activities relating to its drug delivery business. During the year the Company incurred £4,196,000 (2013: £4,576,000) of research and development expenditure.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of credit risk, currency risk, interest rate risk, liquidity risk and price risk.

1. Credit risk - the Company has implemented policies that require appropriate credit checks on potential customers before sales over a certain limit are made.
2. Currency risk - the Company is a sterling dominated company which receives a proportion of its income in US dollars. The Company uses forward contracts to manage its transaction exposure.
3. Interest rate risk - the Company has no bank loans but does operate an overdraft facility, therefore interest rate risk is minimal.
4. Liquidity risk - the Company ensures that its margins are sufficient to exceed normal operating costs and is cash generative.
5. Price risk - the Company is not exposed to commodity price risk.

BESPAK EUROPE LIMITED

DIRECTORS' REPORT continued

Employee involvement

The Company is an equal opportunity employer. It is committed to giving fair and equal treatment to all employees and job applicants in terms of recruitment, pay conditions, promotions, training and all employment matters regardless of their race, sex, ethnic background or religious beliefs, sexual preference or disabilities and an equal opportunities policy is in force. The Company also believes that all employees have a right to work in an environment free from discrimination and bullying. It places special responsibility upon its managers to ensure its policy is in effect.

The Company is committed to maximising the level of employee involvement in its business at all levels. Appropriate training is given to staff to enable them to do their jobs to the best of their ability and comprehensive learning resources are available to all employees. The performance review system allows employees to discuss career opportunities and development, to receive guidance in achieving their goals within the Company and to create development plans. In addition employees are encouraged, through sponsorship or a contribution to costs, to study for job-related accreditations.

The Company is committed to achieving the highest levels of quality and operates to the internationally recognised quality standard ISO9001/9002 and the medical advice standard ISO13485. Staff work within a defined quality system and are trained in "Good Manufacturing Practice". Regular briefings are given to employees to keep them informed of matters concerning the business including financial and economic factors affecting the performance of the Company.

The Company takes a proactive approach to consultation with employees on a variety of work related issues through the use of an All Company Employee Consultative Forum ("ECF"). This Forum is made up of nominated representatives who meet with the senior managers on a quarterly basis. To be eligible for nomination employees must hold a permanent job in the Company. Elections are held regularly every two years or more frequently if required.

Eligible employees in the UK participate in the Group's performance through share option schemes, performance related bonus schemes and Consort Medical plc's Share Incentive Plan.

Disability policy

It is the Company's policy to give full consideration to applications for employment from disabled persons. Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be trained for other positions within the Company.

Independent auditors

Pursuant to section 487(2) of the Companies Act 2006, the Company is not required to annually reappoint auditors.

Disclosure of information to auditors

In the case of each director, so far as each is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps he or she needs to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board.



R Cotton
Director

25 November 2014

BESPAK EUROPE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" ('FRS 101').

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 United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

By order of the Board



R Cotton

Director

25 November 2014

BESPAK EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BESPAK EUROPE LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 30 April 2014 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Bepak Europe Limited, comprise:

- the Balance Sheet as at 30 April 2014;
- the Income Statement and the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

BESPAK EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BESPAK EUROPE LIMITED continued

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 ISAs (UK & 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.

Stuart Newman

Stuart Newman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
25 November 2014

BESPAK EUROPE LIMITED

INCOME STATEMENT

For the year ended 30 April 2014

	Notes	2014 £000	2013* £000
Revenue	2	90,908	86,059
Operating expenses	3	(65,955)	(63,637)
Operating profit		24,953	22,422
Finance income	6	785	788
Finance costs	7	(2)	(1)
Other finance costs	8	(541)	(144)
Profit before income tax		25,195	23,065
Income tax expense	9	(4,688)	(5,738)
Profit for the financial year		20,507	17,327

*Restated (see note 1).

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2014

	Notes	2014 £000	2013* £000
Profit for the financial year		20,507	17,327
Other comprehensive income/(loss)			
<i>Items that will not be reclassified subsequently to profit and loss:</i>			
Actuarial gains/(losses) on defined benefit scheme	19	10,561	(8,158)
Deferred tax on actuarial gains/(losses) and share based payments	9	(2,622)	1,740
Current tax on share based payments	9	178	119
Other comprehensive income/(loss) for the year		8,117	(6,299)
Total comprehensive income for the year		28,624	11,028

*Restated (see note 1).

BESPAK EUROPE LIMITED

BALANCE SHEET

As at 30 April 2014

	Note	2014 £000	2013 £000
Fixed assets			
Intangible assets	12	462	396
Property, plant and equipment	11	46,964	37,413
Investment in subsidiary	13	91	91
		47,517	37,900
Current assets			
Inventories	14	8,119	9,030
Trade and other receivables	15	71,163	63,993
Cash and cash equivalents	16	6,065	2,874
		85,347	75,897
Creditors: amounts falling due within one year			
Trade and other creditors	17	(11,674)	(14,832)
Current tax payable		(8,098)	(6,212)
Provisions for other liabilities	18	(140)	(136)
		(19,912)	(21,180)
Net current assets		65,435	54,717
Total assets less current liabilities		112,952	92,617
Creditors: amounts falling due after more than one year			
Deferred taxation	9	(3,387)	(1,986)
Defined benefit pension scheme deficit	19	(2,076)	(11,766)
		(5,463)	(13,752)
Net assets		107,489	78,865
Equity			
Called up share capital	20	39,850	39,850
Share premium account	20	6,000	6,000
Profit and loss account		61,639	33,015
Total shareholders' funds		107,489	78,865

The accompanying notes on pages 11 to 35 are an integral part of the financial statements.

The financial statements on pages 8 to 35 were approved by the Board and authorised for issue on 25 November 2014 and signed on its behalf by:



R. Cotton
Director

Bespak Europe Limited
Registered number 03515896

BESPAK EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY

As at 30 April 2014

	Called up share capital £000	Share premium account £000	Profit and loss account* £000	Total £000
Balance at 1 May 2012	39,850	6,000	41,987	87,837
Profit for the financial year	-	-	17,327	17,327
Other comprehensive (loss)/income:				
Actuarial loss on defined benefit scheme	-	-	(8,158)	(8,158)
Tax on amounts taken directly to equity	-	-	1,859	1,859
Total comprehensive income for the financial year	-	-	11,028	11,028
Equity dividends	-	-	(20,000)	(20,000)
Balance at 30 April 2013	39,850	6,000	33,015	78,865
Profit for the financial year	-	-	20,507	20,507
Other comprehensive income/(loss):				
Actuarial gain on defined benefit scheme	-	-	10,561	10,561
Tax on amounts taken directly to equity	-	-	(2,444)	(2,444)
Total comprehensive income for the financial year	-	-	28,624	28,624
Balance at 30 April 2014	39,850	6,000	61,639	107,489

*Restated (see note 1).

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

General information

Bespak Europe Limited ("the Company") is a wholly owned subsidiary of Consort Medical plc, a public limited company registered on the London Stock Exchange and incorporated in England and Wales. Bespak Europe Limited is incorporated in England and Wales, registered number 03515896. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

1. Presentation of the financial statements and accounting policies

Compliance with applicable law and FRS101

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ('FRS101') and the Companies Act 2006.

FRS101 is effective for periods commencing on or after 1 January 2015, but has been adopted early by the Company. Where amendments have been made on transition to FRS101 from EU-adopted IFRS, these have not had a material effect on these financial statements.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 40A-D (requirements for a third statement of financial position
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Accounting convention

The financial statements have been prepared using the historic cost convention, as modified by certain financial assets and financial liabilities (including derivative financial instruments) at fair value. The specific accounting policies adopted, which have been approved by the Board, are described within this note and which have been applied consistently in all years presented.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. Presentation of the financial statements and accounting policies continued

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Accounting principles and policies

The preparation of the financial statements in conformity with FRS101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Critical accounting estimates and judgements are discussed further below.

The financial statements have been prepared in accordance with the Company's accounting policies as approved by the Board.

Consolidation exemption

The Company is a wholly-owned subsidiary of Consort Medical plc and is included in the consolidated financial statements of Consort Medical plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Foreign currencies

Items included in the financial statements of the Company are measured using that entity's functional currency, which is the currency of the primary economic environment in which the Company operates. The financial statements are presented in 'Pound Sterling' (£) which is also the Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. Presentation of the financial statements and accounting policies continued

Revenue

Revenue from sales of products is recognised when the risk and rewards of ownership pass to the customer, and is stated net of value added tax and other sales taxes. Revenue from sales of services is recognised in the period in which the related chargeable costs are incurred or when revenue is earned under contractual obligations. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Company.

Advance payments received from customers are credited to deferred income and the related revenue is released to the Income Statement in accordance with the recognition criteria described above.

Revenue – accounting policy change

With the scale and incidence of new business investment developments, the directors have reassessed the judgements made in accounting for tooling and equipment revenue, and have changed their accounting policy:

- From: accounting on a gross basis (i.e. recognising gross revenue from tooling and equipment with the related cost recorded in operating expenses);
- To: accounting for this on a net basis, having regard to the transfer of risks and rewards.

This accounting policy change is reflected as a prior year adjustment with comparatives restated accordingly with a reduction in both revenue and operating expenses for the year ended 30 April 2013 of £6,318,000. Trade debtors and trade creditors have reduced by £2,093,000 and £2,228,000 respectively with a matching increase in other debtors and other creditors.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms.

Post-retirement benefits

The Company participates in various parent company pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Company has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. Presentation of the financial statements and accounting policies continued

Post-retirement benefits continued

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the Income Statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

The parent company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity.

When the options are exercised, the parent company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised. The cost of share schemes is apportioned between Group companies.

Property, plant and equipment

Property, plant and equipment is stated at historic purchase cost including any incidental costs of acquisition less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is recognised so as to write-off the cost of fixed assets (less the current expected residual value) on a straight-line basis over their expected useful lives as follows:

- | | |
|---------------------------------|----------------|
| - Land and buildings | 30 to 50 years |
| - Plant, equipment and vehicles | 3 to 10 years |

Cleanrooms and building services are categorised within plant, equipment and vehicles. Land is not depreciated.

- | | |
|---------------------|----------------|
| - Cleanrooms | 20 years |
| - Building services | 10 to 20 years |

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. Presentation of the financial statements and accounting policies continued

Assets under construction

The costs of property, plant and equipment are capitalised as incurred and are not depreciated until such time as the assets are commissioned, when the total costs are transferred to the appropriate asset category.

Intangible fixed assets

Other intangible fixed assets, including purchased patents, know-how, trademarks, software licences, customer contracts and relationships and distribution rights are capitalised at cost and amortised on a straight-line basis over their estimated useful economic lives. The estimated useful life of other intangible assets are as follows:

- | | |
|--|---------------|
| - Computer software | 4 years |
| - Manufacturing contracts and licences | 2 to 11 years |

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Company's product development is recognised only if all of the following conditions are met:

- It is probable that the asset created will generate future economic benefits;
- It is technically feasible that the intangible asset can be completed so that it will be available for use or sale; and there are sufficient available resources to complete it;
- The Company intends to complete and to use the asset; and
- The development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. The estimated useful economic life of capitalised development costs is 5 to 10 years. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. Presentation of the financial statements and accounting policies continued

Impairment of tangible and intangible assets

The carrying values of property, plant and equipment, and intangible assets are reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Where it is not possible to identify separate cash flows relating to individual assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Leasing commitments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as finance leases, as if the asset had been purchased outright. Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost comprises the direct cost of production and the attributable portion of overheads based on normal operating capacity appropriate to location and condition. Cost is determined on a first in, first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash comprises cash on hand and on-demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

Finance income and costs

Interest receivable and payable on bank deposits and borrowings is credited or charged to finance income and costs as it falls due.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised within other finance expenses.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. Presentation of the financial statements and accounting policies continued

Provisions continued

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

Trade receivables

Trade receivables do not carry interest and are stated at their initial value reduced by appropriate allowances for estimated irrecoverable amounts. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade receivables are recognised initially at fair value and subsequently held at amortised cost.

Trade payables

Trade payables on normal terms are not interest-bearing and are stated at their nominal value. Trade payables are recognised initially at fair value and subsequently held at amortised cost.

Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Taxation

The charge for current taxation is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using rates that have been enacted, or substantially enacted, by the balance sheet date.

Deferred taxation is accounted for in full using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the asset or liability is settled. It is recognised in the consolidated income statement except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. Presentation of the financial statements and accounting policies continued

Share capital and share premium

Ordinary shares are classified as equity. Share issue costs are incremental costs directly attributable to the issue of new shares or options and are shown as a deduction, net of tax, from the proceeds. Any excess of the net proceeds over the nominal value of any shares issued is credited to the share premium account.

Derivative financial instruments and hedging

Derivative financial instruments are used to manage exposure to market risks from treasury operations. The principal derivative instruments used by the Company are interest rate swaps and forward foreign exchange contracts. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Derivative financial instruments are initially recognised in the balance sheet at cost and then re-measured at subsequent reporting dates to fair value. Hedging derivatives are classified on inception as fair value hedges, cash flow hedges or net investment hedges.

Changes in the fair value of derivatives designated as cash flow hedges are recognised in equity. Amounts deferred in equity are transferred to the Income Statement in line with the hedged forecast transaction.

Amounts accumulated in equity are reclassified to the Income Statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Income Statement within 'revenue'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Hedges of net investments in foreign entities are accounted for as cash flow hedges.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Income Statement.

Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. Presentation of the financial statements and accounting policies continued

Critical accounting estimates and judgements continued

A Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

B Development costs

In assessing whether development costs meet the recognition criteria for internally-generated intangible assets, which are described elsewhere in this note, the directors make certain critical judgements as to the technical feasibility and commercial viability of the related product, and around the likelihood of obtaining regulatory approval.

C Provisions and related assets

From time to time, the Company is subject to disputes with suppliers or customers during the course of ordinary business. In determining whether to recognise a provision in respect of a potential liability, management assesses the likelihood of the liability being payable. This assessment includes a review of the specific facts by suitably qualified and experienced Company personnel, experience of similar matters and communications with potential counterparties and the Company's legal advisers. Where the matter leading to a provision may be covered by the Company's insurance policies, management consults with the Company's insurers, loss adjustors and legal advisers to determine whether the success of any insurance claim is "virtually certain", which is the threshold used by the Company in the recognition of any insurance asset.

Estimates

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A Post-employment benefits

The determination of the pension cost and defined benefit obligation of the Company's defined benefit pension scheme depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 19 for further details.

B Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

C Provisions and related assets

In determining the amount to recognise for any provision or related asset, management consults with suitably qualified and experienced Company personnel, considers the Company's experience of similar matters and communications with potential counterparties and the Company's legal advisers.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

1. Presentation of the financial statements and accounting policies continued

Adoption of new and revised standards

The following new standards and amendments have been applied for the first time during the year commencing 1 May 2013:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for the company to classify items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IAS 19 (revised) "Employee benefits" amends the accounting for employment benefits. The Company has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Company has been as follows:

- The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. This has increased the Income Statement charge as the discount rate applied to assets is lower than the expected return on assets. This has no effect on total comprehensive income as the increased charge in profit or loss is offset by a credit in other comprehensive income. The effect has been that the Income Statement charge for the year to 30 April 2013 has increased by £272,000.
- Under IAS 19, interest on the service cost was allowed to be apportioned between net finance costs and service costs in the Income Statement. Under the revised standard, the Company is required to report all of this interest within the service cost. This has increased operating expenses and reduced finance costs for the year to 30 April 2013 by £26,000. There is no impact on total profit.
- The tax effect of the above entries reduces the tax charge in the income statement and increase the tax charge in equity by £63,000 for the year to 30 April 2013.
- There is a new term "remeasurements". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.
- The effect of the change in accounting policy has no impact on the Balance Sheet.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard also introduces new disclosure requirements, though FRS 101 allows for exemptions from the disclosure requirements.

Amendment to IAS 36 "Impairment of assets" relates to the recoverable amount disclosures for non-financial assets. The amendment removes certain disclosures of the recoverable amount of CGUs that had been included in IAS 36 by the issue of IFRS 13.

In addition, IAS 27 Revised 'Separate Financial Statements', IAS 28 Revised 'Investments in Associates and Joint Ventures', IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements', and IFRS 12 'Disclosure of interests in other entities' are applicable for the financial year commencing 1 May 2014 and are not expected to have a material impact on the Company.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

2. Revenue

All revenue originates from the United Kingdom.

Revenue by business	2014 £000	2013* £000
Revenue from products and services	90,908	86,059
Revenue by destination		
United Kingdom	23,960	18,331
United States of America	15,376	12,105
Europe	45,360	44,127
Rest of the World	6,212	11,496
Revenue	90,908	86,059

* Restated (see note 1).

3. Operating expenses

	2014 £000	2013* £000
Raw materials and consumables	23,371	22,199
Other external charges	14,537	15,221
Staff costs (note 4)	20,241	18,745
Depreciation (note 11)	4,802	5,189
Amortisation of licences and software (note 12)	138	215
Profit on sale of property, plant and equipment	(18)	(2)
Foreign exchange losses	207	149
Management fee	1,750	1,750
	65,028	63,466
Decrease in inventory of finished goods and work in progress	927	171
	65,955	63,637

Operating expenses include the following:

Operating lease rentals		
- Plant and machinery	86	151
- Other	200	83
Research and development	4,196	4,576
Property, plant and equipment repairs and maintenance	1,940	1,998
Services provided by the Company's auditors		
Audit services		
- Fees payable to the Company's auditor for the audit of the Company	120	120
Non-audit services		
- Tax advisory services	7	-

* Restated (see note 1).

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

4. Employees

Staff costs and the average monthly number of employees analysed by activity, including directors, are shown below:

	2014 £000	2013* £000
Employee benefit costs:		
Wages and salaries	15,940	14,742
Social security costs	1,537	1,808
Other pension costs (note 19)	2,281	1,929
Share-based payments in parent company	483	266
	20,241	18,745

	Number	Number
By activity:		
Production	337	372
Sales and marketing	10	9
Administration and support services	48	45
Engineering and product development	104	45
	499	471

* Restated (see note 1).

5. Emoluments of directors

The emoluments of J M Glenn and R Cotton for their services to the Consort Medical plc Group as a whole are identified in the financial statements of the Group. These directors were both employed by Consort Medical plc and received their remuneration for services provided to that company. Aggregate emoluments paid to the directors of Consort Medical Plc directly by the Company in the year were £nil (2013: £502,000).

Consort Medical plc made a charge to the Company in respect of management services amounting to £1,750,000 (2013: £1,750,000). This charge also includes a recharge of administration costs borne by Consort Medical plc on behalf of the Company.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

6. Finance income

	2014	2013
	£000	£000
Interest income – from parent company	781	784
Interest on deposits	4	4
Finance income	785	788

7. Finance costs

	2014	2013
	£000	£000
Bank overdraft	(2)	(1)

8. Other finance costs

	2014	2013
	£000	£000
Net interest income on defined benefit scheme (note 19)	(485)	(144)
Foreign exchange losses	(56)	-
Other finance costs	(541)	(144)

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

9. Income tax expense

Taxation charge based on profits for the year

The major components of income tax expense for the year ended 30 April 2014 and the year ended 30 April 2013 are:

	2014 £000	2013* £000
Current income tax		
UK corporation tax at 22.8% (2013: 23.9%)	3,951	4,475
Group relief payable	2,076	1,357
Adjustments in respect of prior years (including group relief)	(118)	(152)
	5,909	5,680
Deferred income tax		
UK origination and reversal of timing differences	(360)	329
Adjustments in respect of prior years	(92)	5
Impact of change in tax rate	(769)	(276)
	(1,221)	58
Income tax expense reported in the income statement	4,688	5,738
Tax on items credited to equity		
Current tax:		
Share based payments	(178)	(119)
Deferred tax:		
Actuarial gains on pension schemes	2,429	(1,961)
Share based payments	(68)	31
Impact of change in tax rate	261	190
Total tax charged/(credited) to equity	2,444	(1,859)

* Restated (see note 1).

Reconciliation between income tax expense and the Company's profit on ordinary activities before taxation

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

	2014 £000	2013* £000
Profit before income tax	25,195	23,065
Taxation charge at UK corporation tax rate of 22.8% (2013: 23.9%)	5,744	5,512
Adjustments in respect of prior years	(210)	(147)
Tax effect on non-deductible or non-taxable items	(77)	649
Impact of change in tax rate	(769)	(276)
	4,688	5,738

* Restated (see note 1).

In July 2013 the UK Government enacted the reductions in the main rate of Corporation Tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. Therefore, the UK deferred tax assets and liabilities included within these financial statements have been provided at a rate of 20%.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

9. Income tax expense continued

Deferred tax		
	2014	2013
	£000	£000
Deferred tax liabilities		
Accelerated depreciation	(4,290)	(5,074)
Deferred tax assets		
Share-based payments	380	337
Provisions	107	33
Retirement benefit obligations	415	2,705
Derivatives	1	13
	903	3,088
Net deferred tax liability	(3,387)	(1,986)
Provision for deferred tax		
At 1 May	(1,986)	(3,723)
Credited/(charged) to the income statement	360	(329)
Adjustments to prior years:		
- Provisions	90	(3)
- Accelerated capital allowances	2	(2)
Impact of change in tax rate:		
- Equity	(261)	(190)
- Income statement	769	276
(Charged)/credited to equity	(2,361)	1,985
At 30 April	(3,387)	(1,986)

Deferred income tax assets have been recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

10. Dividends

Dividends declared and paid during the year:

	2014	2013
	£000	£000
Dividend paid of nil per share (2013: 5.02p)	-	20,000

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

11. Property, plant and equipment

	Land and buildings £000	Plant, equipment and vehicles £000	Assets under construction £000	Total £000
Cost				
At 1 May 2013	28,812	79,690	4,651	113,153
Additions	109	1,522	12,769	14,400
Reclassifications	470	1,927	(2,443)	(46)
Disposals	-	(2,093)	-	(2,093)
At 30 April 2014	29,391	81,046	14,977	125,414
Accumulated depreciation				
At 1 May 2013	13,054	62,686	-	75,740
Charge for the year	796	4,006	-	4,802
Disposals	-	(2,092)	-	(2,092)
At 30 April 2014	13,850	64,600	-	78,450
Net book amount at 30 April 2014	15,541	16,446	14,977	46,964
Net book amount at 30 April 2013	15,758	17,004	4,651	37,413

Net book value of land and buildings comprised:	2014 £000	2013 £000
Freehold land and buildings	13,492	13,450
Long-term leasehold property	2,049	2,308
At 30 April 2014	15,541	15,758

12. Intangible assets

	Computer software £000	Manufacturing contracts and licences £000	Total £000
Cost			
At 1 May 2013	1,313	1,786	3,099
Additions	25	133	158
Transfers	46	-	46
At 30 April 2014	1,384	1,919	3,303
Accumulated amortisation			
At 1 May 2013	1,289	1,414	2,703
Charge for the year	28	110	138
At 30 April 2014	1,317	1,524	2,841
Net book amount at 30 April 2014	67	395	462
Net book amount at 30 April 2013	24	372	396

Amortisation is charged to operating expenses in the Income Statement.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

13. Investment in subsidiary

The Company is the sole shareholder in Integrated Aluminium Components Limited, a manufacturer of metal components used in the manufacture of metered dose inhaler valves.

The equity investment is shown at cost in the Balance Sheet. At 30 April 2014 this was £91,000 (2013: £91,000). The directors believe that the carrying value is supported by the investment's net assets and future expected discounted cash flows.

14. Inventories

	2014	2013
	£000	£000
Raw materials and consumables	4,159	4,143
Work in progress	1,643	1,702
Finished goods	2,317	3,185
	8,119	9,030

15. Trade and other receivables

	2014	2013*
	£000	£000
Trade receivables	11,997	9,409
Amounts receivable from Group undertakings	52,306	51,108
Other receivables	3,940	2,708
Derivative financial instruments	8	-
Prepayments and accrued income	2,912	768
	71,163	63,993

* Restated (see note 1).

The Company does not hold any collateral as security.

Amounts receivable from Group undertakings include short-term loans on which interest is charged at rates linked to LIBOR.

The directors consider that the carrying amount of trade receivables approximates their fair value.

As at 30 April 2014, there was no provision for impairment of trade receivables (2013: none).

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

16. Cash and cash equivalents

	2014	2013
	£000	£000
Cash at bank and in hand	6,065	2,874

17. Trade and other creditors

	2014	2013*
	£000	£000
Amounts falling due within one year		
Trade creditors	4,624	7,178
Amounts payable to Group undertakings	51	145
Other taxation and social security	455	523
Other payables	5,419	5,522
Derivative financial instruments	-	55
Accruals and deferred income	1,125	1,409
	11,674	14,832

* Restated (see note 1).

The directors consider that the carrying amount of trade payables approximates to their fair value.

18. Provisions for liabilities

	Plant restructuring £000	Employee benefits £000	Total £000
At 1 May 2013	58	78	136
Provided in the year	-	118	118
Utilised in the year	-	(114)	(114)
At 30 April 2014	58	82	140
To be settled within one year			140

The plant restructuring provision includes provisions for redundancy costs, onerous contracts and other costs associated with the restructuring.

Employee benefits represent a provision for national insurance contributions on share options and other share-based payments.

For all provisions, the amounts provide represent management's best estimate of the most likely outcome.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

19. Pensions and other post-employment benefits

	2014	2013*
	£000	£000
Pension costs		
UK defined benefit scheme	1,351	1,086
UK defined contribution schemes	930	843
Total charged to employee costs (note 4)	2,281	1,929
Net interest included in other finance expense (note 8)	485	144
Total cost of pensions charged to Income Statement	2,766	2,073

* Restated (See note 1)

The parent company operates pension schemes in the UK to provide pensions to retired employees. UK pension benefits are provided by a defined benefit scheme, whereby retirement benefits are based on employee pensionable remuneration and length of service, and by defined contribution schemes, whereby retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee. The defined benefit scheme was closed to new entrants with effect from 30 June 2002.

Increases to pensions in payment are 2.2% p.a. to 3.6% p.a. and pension increases in deferment in respect of future retirees are 2.3% p.a. The members' share of the cost of the Scheme is 8% of pensionable salaries and is generally paid via a 'salary sacrifice' arrangement. The Company meets the full cost of accrual, but members receive a reduction in their salary equal to their share of the cost of the Scheme. Members have the right to opt out of this arrangement if they wish to receive their full salary and contribute to the Scheme, in which case the Company's contributions to the scheme are reduced.

Contributions to defined benefit schemes are determined in accordance with the advice of an independent, professionally qualified actuary. Pension costs of defined benefit schemes for accounting purposes have been assessed in accordance with independent actuarial advice, using the projected unit method. Liabilities are assessed annually in accordance with the advice of an independent actuary. Formal, independent, actuarial valuations of the Company's defined benefit scheme are undertaken, normally every three years.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

19. Pensions and other post-employment benefits continued

The following information relates to the Company's UK defined benefit pension scheme, the Bepak plc Staff Retirement Benefit Scheme (the Scheme).

	Present value of obligation £000	Fair value of plan assets £000	Total £000
At 1 May 2013	91,276	(79,510)	11,766
Current service cost	1,351	-	1,351
Interest cost	3,897	(3,412)	485
Amount charged to the Income Statement	5,248	(3,412)	1,836
Return on plan assets (excluding interest)	-	(940)	(940)
Gain from changes in demographic assumptions	(1,639)	-	(1,639)
Gain from changes in financial assumptions	(7,982)	-	(7,982)
Amount credited to equity	(9,621)	(940)	(10,561)
Contributions:			
- Employers	-	(965)	(965)
- Plan participants	2	(2)	-
Payments from plans:			
- Benefit payments	(1,299)	1,299	-
At 30 April 2014	85,606	(83,530)	2,076

	Present value of obligation* £000	Fair value of plan assets* £000	Total* £000
At 1 May 2012	71,528	(68,161)	3,367
Current service cost	1,086	-	1,086
Interest cost	3,544	(3,400)	144
Amount charged to the income statement	4,630	(3,400)	1,230
Return on plan assets (excluding interest)	-	(8,258)	(8,258)
Loss from changes in financial assumptions	16,416	-	16,416
Amount credited to equity	16,416	(8,258)	8,158
Contributions:			
- Employers	-	(989)	(989)
- Plan participants	2	(2)	-
Payments from plans:			
- Benefit payments	(1,300)	1,300	-
At 30 April 2013	91,276	(79,510)	11,766

Components of defined benefit pension cost	2014 £000	2013* £000
Current service cost	1,351	1,086
Net interest cost	485	144
Total defined benefit pension cost recognised in the income statement	1,836	1,230
Actuarial (gains)/losses immediately recognised	(10,561)	8,158
Total pension expense recognised in statement of comprehensive income	(10,561)	8,158
Cumulative amount of actuarial losses immediately recognised	7,236	17,797

* Restated (see note 1)

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

19. Pensions and other post-employment benefits continued

Explanation of the relationship between Bepak Europe Limited and the trustees of the Scheme

The Scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the Scheme are required to act in the best interests of the Scheme's beneficiaries. The appointment of trustees to the Scheme is set out under Rule A16 of the Scheme's trust deed and rules dated 14 March 1997. The Scheme has a policy that one-third of all trustees should be nominated by members of the Scheme.

Disclosure of principal assumptions

The principal actuarial assumptions adopted at the balance sheet date were:

	30 April 2014	30 April 2013
Discount rate	4.6%	4.3%
Future RPI inflation	3.3%	3.3%
Future CPI inflation	2.3%	2.3%
Future salary increases	3.3%	3.8%
RPI inflation capped at 5% p.a	3.2%	3.2%
RPI inflation capped at 5% p.a. with a minimum of 3% p.a.	3.6%	3.6%
RPI inflation capped at 2.5% p.a	2.2%	2.2%

The discount rate used should be determined by reference to market yields at the balance sheet date on high quality fixed income investments. The currency and term of these should be consistent with the currency and estimated term of the post-employment obligations.

The discount rate has been developed from a spot yield curve based on UK Government bonds, adjusted to reflect the credit spread between AA-rated corporate bonds and Government bonds.

For the majority of members, pension accrued before 6 April 1997 does not receive any guaranteed increases and it is assumed that no discretionary increases will be awarded. Pension accrued between 6 April 1997 and 30 April 2009 receives increases in line with inflation subject to a maximum of 5% p.a. (for which the Company has assumed future increases will be 3.2% p.a.). Some members receive fixed increases of 3% p.a. on pension accrued before 6 April 1997 and increases in line with inflation subject to a minimum of 3% p.a. and a maximum of 5% p.a. on pension accrued between 6 April 1997 and 30 April 2009 (for which the Company has assumed future increases will be 3.6% p.a.). For all members, pension accrued after 1 May 2009 receives increases in line with inflation subject to a maximum of 2.5% p.a. (for which the Company has assumed future increases will be 2.2% p.a.).

One of the key assumptions made in valuing the pension scheme's liabilities are the mortality rates used to assess how long pensions will be paid for. The mortality rates used to calculate the Scheme's liabilities were updated as part of the Scheme's actuarial valuation in 2011 and used a base table of 90% of the SINA year of birth tables with a long term projection using the CMI 2009 projections and a long-term rate of improvement of 1.5% p.a.. The calculation of the Scheme's liabilities under IAS 19 (Revised) uses the same assumptions but with a long-term rate of improvement of 1.25% p.a.

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

19. Pensions and other post-employment benefits continued

The current life expectancies (in years) underlying the value of the accrued liabilities for the Scheme are:

	30 April 2014		30 April 2013	
Life expectancy at age 65	Male	Female	Male	Female
Member currently age 65	23.1	25.6	23.6	25.9
Member currently age 45	24.9	27.5	25.9	28.2

The overall expected return on assets has been calculated as the weighted average of the expected return for the principal asset categories, net of investment expenses, held by the plan as follows:

	Total assets £000	Of which quoted £000	Total %	Total assets £000	Of which quoted £000	Total %
Debt instruments	37,273	-	44.6	33,614	-	42.3
Equity instruments	38,162	13,045	45.7	38,445	12,609	48.4
Hedge funds	7,843	7,843	9.4	7,140	7,140	9.0
Cash	252	-	0.3	311	-	0.3
Overall	83,530	20,888	100.0	79,510	19,749	100.0

Sensitivity analysis of the principal assumptions used to measure Scheme liabilities

The sensitivity of the Scheme's liabilities to changes in the principal assumptions used to measure these liabilities is illustrated below. The illustrations consider the single change shown with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (this is not always the case).

The Company liability is the difference between the Scheme liabilities and the Scheme assets. Certain changes in the assumptions will be as a result of changes in market yields. Where this is the case, the market value of Scheme assets may change simultaneously, which may or may not offset the change in assumptions. For example, a fall in interest rates will increase the Scheme liability, but may also trigger an offsetting increase in the market value of assets so that the net effect on the Company liability is reduced.

Assumption	Change in assumption	Impact on the Scheme's accrued liabilities
Discount rate	Decrease by 0.25% pa	Increase by 5.9%
Rate of inflation	Decrease by 0.25% pa	Decrease by 4.8%
Rate of salary growth	Increase by 0.25% pa	Increase by 5.1%
Rate of mortality	Members assumed to live one year longer	Increase by 2.1%

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

19. Pensions and other post-employment benefits continued

How the liabilities arising from the Scheme are measured

The Company provides retirement benefits via the Scheme to some of its former employees and approximately 26% of current UK employees. The level of retirement benefit is principally based on salary earned in the final three years of employment and period of service as a Scheme member.

The projected liabilities of the Scheme are apportioned between members' past and future service using the projected unit actuarial cost method. The deficit in the consolidated balance sheet is the difference between the projected liability allocated to past-service (the defined benefit obligation) and the market value of the assets of the Scheme. The defined benefit obligation makes allowance for future earnings growth. Based on the last triennial valuation at 30 April 2011, if all active members were assumed to leave the Company and the allowance for future earnings growth was replaced by an allowance for statutory revaluation, the liabilities would reduce by approximately £5.2m.

An alternative measure of liability is the cost of buying out benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the Scheme's liabilities at the balance sheet date rather than the Company continuing to fund the ongoing liabilities of the Scheme. The latest estimate of the amount required to settle the Scheme's liabilities was calculated at 30 April 2011. This indicated that the amount required was £43.9m in excess of the assets held by the Scheme.

Future funding obligations in relation to the Scheme

The trustees have selected a funding target based on the Scheme being closed to new members but with active members continuing to accrue benefits. The agreed funding objective is to reach, and then maintain, assets equal to 100% of the value of the projected past service liabilities, assessed on an ongoing basis, allowing for future salary increases for active members.

The most recently completed triennial actuarial valuation of the Scheme was performed by an independent actuary for the trustees of the Scheme and was carried out as at 30 April 2011. Following the valuation and changes to the Scheme's benefits for future service the trustees agreed that the Company could cease paying deficit reduction contributions of £238,000 per month. The next actuarial valuation, which is being carried out as at 30 April 2014, is currently in progress and, as a result, the Company is unable to determine the specific contributions during the 2015 financial year. The weighted average duration of the defined benefit obligation is 24 years (2013: 27 years).

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

19. Pensions and other post-employment benefits continued

Nature and extent of the risks arising from financial instruments held by the Scheme

The expected return on the Scheme's assets is based on market expectations at the beginning of the financial period for returns over the life of the related obligation. The expected yield on bond investments with fixed interest rates can be derived exactly from their market value. Some of these bond investments are issued by the UK Government and the risk of default on these is very small. The trustees also hold bond investments issued by public companies. There is a more significant risk of default on these which is assessed by various rating agencies. The trustees also have a substantial holding of equity and hedge fund investments, with a target of 60% of the Scheme's assets being invested in these funds. The investment return related to these is variable, and they are generally considered much "riskier" investments. It is generally accepted that the yield on these investments will contain a premium ("the equity risk premium") to compensate investors for the additional risk of holding this type of investment. There is significant uncertainty about the likely size of this risk premium.

The majority of the equities held by the Scheme are in international blue chip entities. The aim is to hold a globally diversified portfolio of equities, with a target of 22% of equities being held in the UK, 27% in the rest of Europe, 20% in North American equities, 10% in each of Japanese and Pacific Basin equities and 11% in emerging markets.

As part of the investment strategy review, the trustees, in conjunction with the Company, have carried out an asset-liability review for the Scheme. These studies are used to assist the trustees and the Company in determining the optimal long-term asset allocation with regard to the structure of liabilities within the Scheme. The results of the study are used to assist the trustees in managing the volatility in the underlying investment performance and the risk of a significant increase in the Scheme's deficit by providing information used to determine the pension scheme's investment strategy.

20. Called up share capital and share premium account

	Share Capital		Share premium
	Ordinary shares of 10p each Number	£000	£000
Share capital issued and fully paid			
At 30 April 2013 and 30 April 2014	398,500,021	39,850	6,000

BESPAK EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS continued

21. Commitments

	2014 £000	2013 £000
(i) Capital expenditure contracted for but not provided for in the accounts	2,796	2,507

(ii) Commitments under operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

- Within one year	229	134
- Within two to five years	556	160
	785	294

22. Share-based payments

Details of the share based payment scheme of the Consort Medical plc Group, in which Bepak Europe Limited employees participate can be found in the financial statements of Consort Medical plc, which do not form part of these financial statements.

23. Parent undertaking and controlling party

The Company is a subsidiary undertaking of Consort Medical plc which is deemed to be the ultimate parent, controlling party and the smallest and largest group undertaking to consolidate these financial statements is Consort Medical plc which is incorporated in England and Wales. The financial statements of Consort Medical plc can be obtained from the Company Secretary, Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4TZ.

24. Cross guarantees

There is a guarantee agreement from Consort Medical plc Group companies to the Royal Bank of Scotland plc and HSBC Bank plc in respect of the Group's bank borrowings which amounted to £nil (2013: £nil) at 30 April 2014.