

# **Draeger Medical UK Limited**

**Annual report for the year ended 31 December 2014**

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## **Director**

Mr M Norris  
Mr R Clark

## **Company secretary and registered office**

Mr M Bedford  
The Willows, Mark Road, Hemel Hempstead, Herts, HP2 7BW

## **Registered Number**

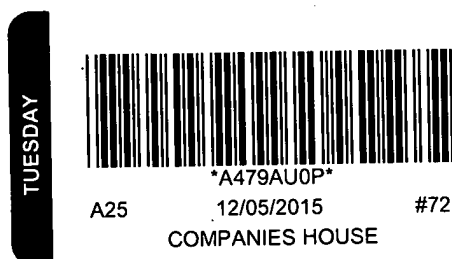
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## **Bankers**

UniCredit Bank AG, London Branch, Moor House, 120 London Wall, London, EC2Y 5ET  
ABN Anro Bank NV, 250 Bishopsgate, London EC2M 4AA

## **Independent Auditors**

PricewaterhouseCoopers LLP, 10 Bricket Road, St Albans, Herts, AL1 3JX  
Chartered Accountants and Statutory Auditors



The Directors present their Strategic Report of Draeger Medical UK Limited (“the Company”) for the year ended 31 December 2014.

### **Review of the business**

The company’s principal activities during the year continued to be the supply of medical equipment and related activities including the servicing of medical equipment and the supply of consumables and spare parts.

The KPIs for the business are primarily financial and are set out below.

The results for the year reflect another strong performance for Draeger in the UK despite the ongoing financial pressures on the National Health Service.

Overall turnover was 20% higher than the previous year (2013: minus 2%). The result for the current year reflects the strong performance and increased market share, despite the difficult economic environment and in particular the need for the Government to address the UK’s fiscal deficit.

Margins at 27% were slightly improved on the prior year (2013: 25%), as a result of increased volume, a change in the product mix supplied and improvements in efficiency.

The company’s sales and administration costs increased during the year by 8% (2013: 6%), reflecting increased incentive payments and investment in building the capacity of the organisation. Nevertheless, these costs fell as a proportion of sales to 20% (2013: 21%) as a result of the increased volume. Management are conscious of the need to ensure that the costs of the organisation are in line with the growth of the business.

Working capital has increased at a slower pace than sales, and there remains a strong focus on minimising inventories and reducing debtor days. Total Current Assets at 31 December are 31% higher than the prior year end, reflecting increased surplus cash invested with the parent company’s ‘cash-pooling’ arrangement. Excluding this element, Current Assets are 16% higher than the prior year end.

### **Future Developments**

The company will continue to act as the UK Sales and Service distributor for the medical products of the Dräger Group. New products have been released by the Group during 2014 and are planned during 2015, and this should ensure the company continues to meet the expectations of its shareholders.

### **Results and dividends**

The financial position of the company at 31 December 2014 is set out in the annexed financial statements. The profit for the financial year amounted to £2,901,000 (2013: £1,078,000). An interim dividend of £994,000 was paid during the year (2013: £2,000,000). The directors do not recommend payment of a final dividend (2013: £nil). The Company expects to pay future dividends in line with profits generated.

### **Principal risks and uncertainties**

#### *Market risk*

The company is highly dependent on sales to the National Health Service (NHS) and ongoing and future cost pressures on the NHS will impact the company. The NHS Supply Chain initiative has already achieved considerable value for the taxpayer with resultant pressure on the company’s margins; the Company is monitoring the impact of this and future developments. Ongoing management of costs during recent years has enabled the company to remain profitable although the impact has not been fully compensated.

**Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effect of changes in credit and liquidity risks. The Company, as part of the wider Draegerwerk Group, has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of price changes and cash forecasting. This risk management programme is monitored and operated by the Draegerwerk Group.

*Credit risk*

The company's credit risk is primarily attributable to its trade debtors and is managed by operating credit checks and monitoring its existing customers on a regular basis. Bad debts have been negligible and a significant proportion of the exposure is to NHS and other public sector bodies.

*Foreign exchange risk*

The company has no material non-sterling transactions.

*Liquidity risk*

As the company participates in the Draegerwerk group-wide cash pooling, management is required to actively forecast cash fundings. This forecasting activity is designed to ensure the company has sufficient available funds for operations and planned expansions. However this also means, that cash funding is limited to the availability of cash within the Draegerwerk Group. Management has and had no reason to doubt about the solvency of Draegerwerk Group.

**On behalf of the Board**



**Michael A Norris**

**Director**

**Date: 22 April 2015**

## **Draeger Medical UK Limited**

### **Directors' report for the year ended 31 December 2014**

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The Directors present their Report and the audited financial statements of Draeger Medical UK Limited (the "Company") for the year ended 31 December 2014.

#### **Research and development**

The company operates as a sales, marketing and distribution agent for the Dräger Group. Research and development activities are managed by other entities within the Group.

#### **Financial Instruments**

The company participates in a cash-pooling arrangement with its parent such that any requirement for short term funds are met and any surplus cash is invested with the parent. Market interest rates are charged on all balances under this arrangement. No other financial instruments are used by the company.

#### **Political and charitable donations**

There were no political or charitable donations for the period (FY 2013: nil).

#### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Mr M Norris  
Mr R Clark

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report and 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 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 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 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.

### **Disclosure of information to auditors**

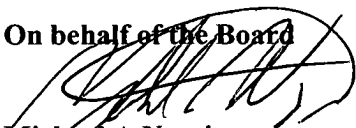
Each director in office at the date the report of the directors was approved has confirmed that:

- (a) So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) Each director has taken all the steps that he ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Independent Auditors**

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

**On behalf of the Board**



**Michael A Norris**  
**Director**

Date: 22 April 2015

# ***Independent auditors' report to the members of Draeger Medical UK Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Draeger Medical UK Limited's financial statements (the "financial statements"):

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

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### **What we have audited**

Draeger Medical UK Limited's financial statements comprise:

the statement of financial position as at 31 December 2014;

the income statement and 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 the preparation of the financial statements 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.

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

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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.

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## **Other matters on which we are required to report by exception**

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### **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.

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### **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.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Independent auditors' report to the members of Draeger Medical UK Limited (continued)**

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**Our responsibilities and those of the directors (continued)**

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.

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**What an audit of financial statements involves**

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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.



Dasa Brynjolfssen (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors

St Albans

23 April 2015

**Draeger Medical UK Limited**

**Income Statement and Statement of comprehensive income for the year ended 31 December 2014**

	<b>Note</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
<b>Revenue</b>	3	43,096	35,993
Cost of sales		(31,539)	(26,973)
<b>Gross profit</b>		11,557	9,020
Distribution costs		(6,381)	(6,185)
Administrative expenses		(1,871)	(1,474)
<b>Operating profit</b>	4	3,305	1,361
Income from subsidiary		244	-
<b>Profit on ordinary activities before interest and taxation</b>		3,549	1,361
Finance Income	7	52	44
Finance Costs	7	(5)	(4)
Finance Costs – Net		47	40
<b>Profit on ordinary activities before taxation</b>		3,596	1,401
Income tax expense on ordinary activities	8	(695)	(323)
<b>Profit and Total comprehensive income for the year</b>		2,901	1,078



**Draeger Medical UK Limited**

**Statement of changes in equity for the year ended 31 December 2014**

	Notes	Called-up Share Capital £'000	Retained Earnings £'000	Total £'000
<b>Balance as at 1 January 2013</b>		<b>4,296</b>	<b>1,884</b>	<b>6,180</b>
Total comprehensive income for the year		0	1,078	1,078
Total transactions with shareholders - dividends		0	-2,000	-2,000
<b>Balance as at 31 December 2013</b>		<b>4,296</b>	<b>962</b>	<b>5,258</b>
<b>Balance as at 1 January 2014</b>		<b>4,296</b>	<b>962</b>	<b>5,258</b>
Total comprehensive income for the year		0	2,901	2,901
Total transactions with shareholders - dividends		0	-994	-994
<b>Balance as at 31 December 2014</b>		<b>4,296</b>	<b>2,869</b>	<b>7,165</b>

**Draeger Medical UK Limited**

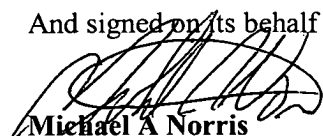
**Statement of financial position as at 31 December 2014**

	Note	31 Dec 2014 £'000	31 Dec 2013 £'000	1 Jan 2013 £'000
<b>Fixed assets</b>				
Intangible assets	10	125	125	126
Tangible assets	11	570	684	656
Investments in subsidiaries	12	16	16	16
		<u>711</u>	<u>825</u>	<u>798</u>
<b>Current assets</b>				
Inventory	13	2,881	2,025	1,961
Trade and other receivables (including £75,000 (2013: £87,000) of deferred taxes due after one year)	14	16,843	12,926	15,577
Cash and cash equivalents		100	211	115
		<u>19,824</u>	<u>15,162</u>	<u>17,653</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>-13,068</u>	<u>-10,304</u>	<u>-11,870</u>
<b>Net current assets</b>		<u>6,756</u>	<u>4,858</u>	<u>5,783</u>
<b>Total assets less current liabilities</b>		<u>7,467</u>	<u>5,683</u>	<u>6,581</u>
<b>Provisions for liabilities</b>	16	<u>-302</u>	<u>-425</u>	<u>-401</u>
<b>Net assets</b>		<u>7,165</u>	<u>5,258</u>	<u>6,180</u>
<b>Equity</b>				
Called up share capital	18	4,296	4,296	4,296
Retained Earnings		2,869	962	1,884
<b>Total shareholders' funds</b>		<u>7,165</u>	<u>5,258</u>	<u>6,180</u>

The notes on pages 10 to 22 are an integral part of these financial statements.

The financial statements on pages 7 to 9 were approved by the Board of Directors on **22 April 2015**

And signed on its behalf by:

  
Michael A Norris

## **1 Basis for preparation**

The financial statements of Draeger Medical UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and in accordance with Companies Act 2006.

The financial statements have been prepared under the historical cost convention.

These are the first financial statements of the company prepared in accordance with FRS 101. The company's date of transition to FRS 101 is 1 January 2013. The company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the company in these financial statements. FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The impact of these amendments to the company's previously adopted accounting policies in accordance with UK GAAP was recognised at the date of transition to FRS 101 as of 1 January 2013. No changes in recognition and measurement of assets and liabilities were identified compared to those recognised and measured under previous accounting policies as at the date of transition or as at 31 December 2013 and the period then ended.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

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

- 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)

- 16 (statement of compliance with all IFRS),

- 38B-D (additional comparative information),

- 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,

- Paragraphs 134 (d) to 134 (f) and 135 (c) to 135 (e) of IAS 36 (assumptions involved in estimating recoverable amounts of goodwill with indefinite useful lives and management's approach to determining these amounts).

**1 Basis for preparation (continued)**

*Consolidation*

The company is a subsidiary of Dräger Medical International GmbH (47.373%), Drägerwerk AG & Co. KGaA (30%) and Dräger Medical GmbH (22.627%), all incorporated in Germany, and of its ultimate parent Drägerwerk AG & Co. KGaA. It is included in the consolidated financial statements of Drägerwerk AG & Co. KGaA which are publically available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

**2 Accounting Policies**

*Going Concern*

The company will continue to act as the UK Sales and Service distributor for the medical products of the Dräger Group. New products have been released by the Group during 2014 and are planned during 2015, and this should ensure the company continues to meet the expectations of its shareholders. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash and cash pooling reserves and borrowings. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

*Goodwill*

Goodwill is recognised arising from the UK element of the Group's acquisition of the patient monitoring business of Siemens under a global Joint Venture in 2003.

Goodwill is the difference between consideration paid and the fair value of assets acquired. It is not amortised but it is assessed for impairment annually in accordance to IAS 36. The recoverable amount of this Goodwill has been determined based on value-in-use calculations and is in excess of £124,000. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

*Intangible fixed assets*

Intangible fixed assets are stated at historic purchase cost 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.

Amortisation is provided on the cost of intangible fixed assets on a straight-line basis at the following rates, which are calculated to write off each asset over its estimated useful life:

Software	- 25% per annum
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## **2 Accounting Policies (continued)**

### *Tangible fixed assets*

Tangible fixed assets are stated at historic purchase cost 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 provided on the cost of tangible fixed assets on a straight-line basis at the following rates, which are calculated to write off each asset over its estimated useful life:

Plant, machinery	- 10%-33% per annum
Furniture and equipment	- 20%-25% per annum
Leasehold improvements	- 20%-25% per annum

Residual value and useful economic lives are evaluated annually and updated as and when required.

### *Investments in subsidiary undertakings*

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

### *Inventories and work in progress*

Inventory and work in progress are stated at the lower of cost and net realisable value. Inventory is valued using the weighted average method; provision is made for slow-moving or obsolete inventory. Net realisable value is the price at which inventories can be sold in the normal course of business after allowing for the costs of realisation.

Work in progress – is valued at the cost of direct materials and labour or at net realisable value if lower.

Demonstration equipment is presented within Inventory and is valued at historical cost less provisions. Provisions are made to reflect the decrease in recoverable value as the equipment is used.

### *Trade and other receivables*

Trade and other receivables are non-interest-bearing and are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

### *Trade and other payables*

Trade and other payables are non-interest-bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand and deposits held at call with banks.

**2 Accounting policies (Continued)**

*Leases*

Operating lease rentals are charged as an expense in the income statement in the period in which they are incurred.

*Foreign currencies*

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. All exchange differences have been taken to the income statement.

*Pensions*

Pension contributions to defined contribution arrangements are charged to the income statement in the year in respect of which they are payable.

*Provisions*

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

*Taxation*

Current tax is provided on the company's taxable profits, at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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 same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

*Revenue*

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below.

In respect of the sales of goods, the revenue is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

**2 Accounting policies (Continued)**

In respect of maintenance contracts, the turnover is recognised rateably over the period of the contract. This gives rise to deferred income during the course of the contract in cases where the customer is invoiced in advance of or at the start of the contract period. Warranty liabilities longer than standard 12 months warranty are recognised as deferred service contract revenue.

In respect of installation contracts, revenue and profits are allocated to individual elements of the contracts. Revenue and profits are only recognised when the overall profitability of the contract can be established with reasonable certainty. The revenue and attributable profits of each element of the contracts are recognised at the point at which the risks and rewards for that element of the contract have been passed to the customer.

**3 Revenue**

Revenue is attributable to one class of business, namely the supply, installation and maintenance of high technology equipment, and is derived solely within the United Kingdom.

<b>4 Operating profit</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Operating profit is stated after charging;		
Staff costs	9,411	8,680
Depreciation of tangible fixed assets	323	374
Amortisation	-	7
Operating lease charges – premises	230	225
Operating lease charges – other	571	551
Auditors' remuneration		
- audit services	45	44
- non-audit services	14	12
	<u>          </u>	<u>          </u>

The non-audit services provided to the company in both the current and prior year are in respect of corporation tax compliance assistance.

<b>5 Staff costs and employee information</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Wages and salaries	7,729	7,143
Social security costs	945	881
Other pension costs (see note 22)	737	656
	<hr/>	<hr/>
Staff costs	9,411	8,680
	<hr/>	<hr/>

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

<b>By activity</b>	<b>2014 Number</b>	<b>2013 Number</b>
Office and management	30	23
Selling, distribution and servicing	140	137
	<hr/>	<hr/>
	170	160
	<hr/>	<hr/>

<b>6 Directors' emoluments</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Aggregate emoluments	188	192
Pension contribution	25	11
	<hr/>	<hr/>
	213	203
	<hr/>	<hr/>

One director has benefits accruing under money purchase pension schemes. (2013: One)

<b>7 Finance Income and Finance Costs</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
Interest receivable from group undertakings	52	43
Interest receivable from third parties	-	1
	<hr/>	<hr/>
Interest payable on loans with group companies	5	2
Interest payable to third parties	-	2
	<hr/>	<hr/>



<b>8 Income Tax</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
(a) Analysis of charge in the year		
<b>Current tax:</b>		
UK corporation tax on profit for the year	716	348
Adjustment in respect of previous years	(33)	(17)
<b>Total Current Tax</b>	<b>683</b>	<b>331</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	10	(18)
Impact of change in tax rate	2	10
<b>Tax on profit on ordinary activities</b>	<b>695</b>	<b>323</b>

- (b) Factors affecting tax charge in the year  
Tax expense for the period is lower (2013: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2014 of 21.5% (2013: 23.25%). The differences are explained below:

	<b>2014 £'000</b>	<b>2013 £'000</b>
Profit on ordinary activities before tax	3,596	1,401
Profit on ordinary activities multiplied by standard rate in the UK 21.5% (2013: 23.25%)	773	326
Effects of:		
Dividend income from subsidiary not chargeable to tax	(53)	(-)
Expenses not deductible for tax purposes	8	4
Depreciation in excess of capital allowances	(21)	12
Other timing differences	21	(12)
Adjustments in respect of prior years	(33)	(17)
Remeasurement of deferred tax – change in UK tax rate	2	10
<b>Total tax charge for the year</b>	<b>695</b>	<b>323</b>

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 23% to 21% from 1 April 2014.

	31 Dec 2014 £'000	31 Dec 2013 £'000	
9 Deferred tax asset			
An analysis of deferred tax is set out below:			
Accelerated capital allowances	(16)	(24)	
Short term timing differences	(59)	(63)	
	<u>(75)</u>	<u>(87)</u>	
Deferred tax brought forward	(87)	(79)	
Debit/(Credit) to the profit and loss account (note 8)	12	(8)	
	<u>(75)</u>	<u>(87)</u>	
Deferred tax asset carried forward			
	<u>(75)</u>	<u>(87)</u>	
10 Intangible assets	Goodwill £'000	Software £'000	Total £'000
Cost			
At 1 January 2014	124	13	137
Additions	-	-	-
Disposals	-	-	-
	<u>124</u>	<u>13</u>	<u>137</u>
At 31 December 2014	124	13	137
Accumulated amortisation			
At 1 January 2014	-	(12)	(12)
Amortisation	-	-	-
	<u>-</u>	<u>(12)</u>	<u>(12)</u>
At 31 December 2014	-	(12)	(12)
	<u>-</u>	<u>(12)</u>	<u>(12)</u>
Net book amount	124	1	125
	<u>124</u>	<u>1</u>	<u>125</u>
Net book amount			
As at 31 December 2013	124	1	125
Movement during the year			
	<u>124</u>	<u>1</u>	<u>125</u>
At 31 December 2014	124	1	125

Intangible assets amortisation is recorded in administration expenses in the income statement.  
The recoverable amount of the Goodwill is estimated by management to be in excess of £124,000.

<b>11 Tangible assets</b>	<b>Plant, equipt, machinery £'000</b>	<b>Leasehold improvements £'000</b>	<b>Total £'000</b>
<i>At 31 December 2013</i>			
Cost or valuation	1,823	209	2,032
Accumulated depreciation and impairment	(1,146)	(202)	(1,348)
Net book amount	677	7	684
<i>Year ended 31 December 2014</i>			
Additions	201	12	213
Disposals	(19)	-	(19)
Depreciation	(319)	(4)	(323)
Depreciation on disposals	15	-	15
Closing net book amount	555	15	570
<i>At 31 December 2014</i>			
Cost or valuation	2,005	221	2,226
Accumulated depreciation and impairment	(1,450)	(206)	(1,656)
Net book amount	555	15	570

**12 Investments**

	<b>Investment in Subsidiary</b>
At 1 January 2013	16
At 31 December 2013	16
<b>At 31 December 2014</b>	<b>16</b>

Investments comprise 100% of equity shares in Draeger Medical Ireland Ltd, which is not publically traded.

During the year the company received dividends of £244,000 from Draeger Medical Ireland Ltd (2013: £nil).

<b>13 Inventories</b>	<b>31 Dec 2014 £'000</b>	<b>31 Dec 2013 £'000</b>	<b>1 Jan 2013 £'000</b>
Goods in transit	1,119	361	14
Work in progress	276	200	196
Finished goods and goods for resale	1,486	1,464	1,751
	<u>2,881</u>	<u>2,025</u>	<u>1,961</u>

A net amount of £1,004,000 (2013: £1,078,000) of demonstration equipment is held at customer and other sites and is included in Finished Goods.

The total cost of Inventories recognised as an expense and included in "Cost of Sales" amounted to £26,112,000 (2013: £22,145,000). The write-down of inventories amounted to £811,000 (2013: £528,000). The write down was necessary due to: the decreased recoverable amount of demonstration equipment of £769,000 (2013: £503,000); stock count differences of £3,000 (2013: £14,000); and due to aging of stock £39,000 (2013: £11,000).

The provision of inventories at the balance sheet date amounted to £1,550,000 (2013: £1,133,000). The depreciation was necessary due to: the decreased recoverable amount of demonstration equipment of £1,335,000 (2013: £957,000); and due to aging of stock £215,000 (2013: £176,000).

<b>14 Trade and other receivables</b>	<b>31 Dec 2014 £'000</b>	<b>31 Dec 2013 £'000</b>	<b>1 Jan 2013 £'000</b>
Trade receivables	5,817	5,176	5,727
Amounts owed by group undertakings (see note 15)	10,410	7,394	9,468
Other receivables	373	115	128
Prepayments and accrued income	168	154	175
Deferred tax (see note 9)	75	87	79
	<u>16,843</u>	<u>12,926</u>	<u>15,577</u>

Trade receivables are stated after provisions for impairment of £3,000 (2013: £nil).

<b>15 Creditors: amounts falling due within one year</b>	<b>31 Dec 2014 £'000</b>	<b>31 Dec 2013 £'000</b>	<b>1 Jan 2013 £'000</b>
Trade payables	227	285	409
Amounts due to group undertakings	4,853	3,411	4,898
Other taxation and social security	1,550	1,207	1,493
Corporation tax	334	248	-
Other payables	451	188	233
Deferred income	3,540	3,402	3,104
Accruals	2,113	1,563	1,733
	<u>13,068</u>	<u>10,304</u>	<u>11,870</u>

Amounts due to and owed by group undertakings are unsecured, including trading balances on standard payment terms and other balances repayable on demand.

**16 Provisions for liabilities**

	<b>WEEE liabilities £'000</b>	<b>Dilapidations £'000</b>	<b>Staff incentive £'000</b>	<b>Total £'000</b>
1 January 2013	271	112	18	401
Charged/(credited) to the profit and loss account	42	-	(18)	24
31 December 2013	<u>313</u>	<u>112</u>	<u>-</u>	<u>425</u>
1 January 2014	313	112	-	425
Credited/(charged) to the profit and loss account	(235)	112	-	(123)
31 December 2014	<u>78</u>	<u>224</u>	<u>-</u>	<u>302</u>

WEEE liabilities comprise future liabilities for disposal of equipment under the WEEE Regulations at the end of its economic life. During the year management reassessed the expected redemption rate resulting in a release of a portion of the provision brought forward.

Dilapidations comprise a future liability for re-instatement of the Company's leased premises under its full repairing lease at the end of the lease.

Staff Incentive liability represents the long-term element of an incentive scheme for one of the Directors and is dependent on future results of the company.

The WEEE and dilapidations provisions are expected to be fully utilised after more than 5 years.

<b>17 Dividends</b>	<b>31 Dec 2014 £'000</b>	<b>31 Dec 2013 £'000</b>	<b>1 Jan 2013 £'000</b>
Interim dividend paid: £0.23 (2013: £0.47) per £1 ordinary share	994	2,000	3,300
Final dividend paid : £0.00 (2013: £0.00) per £1 ordinary share	-	-	-
	<u>994</u>	<u>2,000</u>	<u>3,300</u>

**18 Called up share capital**

	<b>2014 No.</b>	<b>2014 £'000</b>	<b>2013 No.</b>	<b>2013 £'000</b>
At 1 January	4,296,000	4,296	4,296,000	4,296
Issued during the year	0	0	0	0
At 31 December	4,296,000	4,296	4,296,000	4,296

All shares rank pari passu in all respects.

**19 Contingent liabilities**

As at 31 December 2014 there were outstanding bank guarantees in place that amounted to £100,000 (2013 £100,000).

**20 Pension commitments**

The company currently operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in a trustee administered fund.

The pension charge represents contributions payable by the company during the year and amounted to £737,000 (2013: £656,000). Contributions to the defined contribution scheme were made in accordance with the scheme's rules. The company's funding policy is to make contributions to the scheme for the benefit of individual members at rates in accordance with the scheme's rules. There were no contributions prepaid or due to the fund at the year end.

**21 Capital and other commitments**

At 31 December 2014 capital expenditure authorised and contracted was £nil (2013: £nil).

## **22 Operating Lease commitments**

At 31 December 2014 the company had future obligations under non-cancellable operating leases as follows:

	<b>2014 Land and buildings £'000</b>	<b>2014 Other £'000</b>	<b>2013 Land and buildings £'000</b>	<b>2013 Other £'000</b>
Within one year	<b>213</b>	<b>358</b>	204	418
Within two to five years	-	<b>251</b>	170	247
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<b>213</b>	<b>609</b>	374	665
	<hr/>	<hr/>	<hr/>	<hr/>

## **23 Ultimate parent undertaking**

The immediate parent undertakings are Dräger Medical International GmbH (47.373%), Drägerwerk AG & Co. KGaA (30.0%) and Dräger Medical GmbH (22.627%), all incorporated in Germany.

The ultimate parent undertaking party is Drägerwerk AG & Co. KGaA, a company incorporated in Germany. Drägerwerk AG & Co. KGaA is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2014. Drägerwerk AG & Co. KGaA is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2014. These consolidated financial statements are available from Drägerwerk AG & Co. KGaA, Moislinger Allee 53/55, 23541 Lübeck, Germany.