

Boehringer Ingelheim Limited

**Directors' report and
consolidated financial statements
31 December 2011**

Registered No. 00711858

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<u>Contents</u>	<u>Page</u>
Directors' Report	1-4
Independent Auditors' Report to the Members of Boehringer Ingelheim Limited	5
Consolidated Profit and Loss Account	6
Consolidated Statement of Total Recognised Gains and Losses	6
Consolidated Balance Sheet	7
Company Balance Sheet	8
Reconciliation of Movements in Shareholders' Funds	9
Notes to the Consolidated Financial Statements	10-26

Directors' Report

The Directors submit their report and the audited consolidated financial statements of the group and the company for the year ended 31 December 2011

Principal Activities

The principal activities of the company and the group is the marketing, sale and research & development of pharmaceutical products

Business Review

The group operates in the pharmaceutical business which has a complex and regulated environment. Management use and review many Key Performance Indicators (KPIs) as follows

Turnover increased from £338.9m in 2010 to £348.1m in 2011. The group made a profit on ordinary activities before taxation of £19.8m (2010: £12.9m). The group's turnover relates to its three business sales divisions - Prescription Medicines, Consumer Healthcare and Animal Health. Turnover in the year increased primarily due to higher market share and increasing growth of core products. Management also monitor the group's market share (based on ex-factory sales and parallel trade) and the growth within that market.

2011 (2010)	Market Size	Market Growth	BI Growth in Market	Rank	Share of Market
PM UK	£13.71bn (£13.34bn)	2.8% (-5.4%)	2.8% (9.4%)	11th (11th)	2.37% (2.44%)
PM Ireland	€1.45bn (€1.53bn)	-5.2% (-0.1%)	-3.8% (-2.9%)	12th (11th)	2.3% (2.2%)
Consumer Healthcare	£2.27bn (£2.25bn)	0.9% (-0.5%)	7.0% (1.2%)	16th (16th)	0.8% (0.7%)
Animal Health	£677m (£626m)	8.1% (5.6%)	10.8% (11.9%)	4th (4th)	7.6% (7.3%)

Prescription Medicine Sales

Turnover increased from £291.3m in 2010 to £297.0m in 2011. The main drivers behind this was a strong increase in net sales of the group's blockbuster drug, Spiriva[®], for treatment of Chronic Obstructive Pulmonary Disease. Due to weakness of Sterling against the Euro, parallel imports were also reduced thus helping to drive ex-factory sales.

Principal risks facing the Prescription Medicine business are increased generic competition and parallel trade together with the continued requirement to deliver price reductions to the NHS through the Pharmaceutical Pricing Regulatory Scheme. As at 31 December 2011 the company had already delivered price savings of £48.7m since the start of the new scheme in 2009.

Consumer Healthcare and Animal Health

Turnover for Consumer Healthcare increased from £14.7m in 2010 to £16.3m in 2011 due to increased sales of existing products. Turnover for Animal Health increased from £33.0m in 2010 to £34.8m in 2011 due to increased sales of existing products. Animal Health faces increased generic competition going forwards.

Research & Development

The group carries out research and development activities in the UK, totalling £35.5m in 2011 (2010: £29.4m), some of which are on behalf of the parent group in Germany. This investment contributes to placing the group amongst the world's leading pharmaceutical companies in research and development. In Clinical Research the year end recruitment stood at 954 (2010: 538) new patients randomized with 1247 (2010: 743) new patients screened.

Directors' Report (*continued*)

Financial Risk Management

The group's operations expose it to a variety of financial risks that include the effects of changes in price risk, exchange risk, credit risk, liquidity risk, interest rate risk and cash flow risk. The group has in place a risk management programme that seeks to limit the adverse effects of movement in foreign currencies and cash flow risk by monitoring levels of currency exposure and the related finance costs. The group does not use derivative financial instruments to manage interest costs and as such, no hedge accounting is applied. The group had no bank loans or overdrafts at the balance sheet date (2010 nil). The group monitors its credit risk by continually reviewing the financial strength of both its suppliers and customers. The group maintains a mixture of long term and short term finance that is designed to ensure the company has sufficient funds available for operations.

Results and Dividends

The group's consolidated profit for the financial year is £14.5m (2010 £9.1m). The directors proposed and paid an interim dividend during 2011 of £20.0m (2010 £nil).

Future Developments

The group seeks to deal positively with market changes, particularly within the NHS. We are focusing on continually building on our achievements through innovation and therapeutic progress. Our vision helps us to foster value through innovation throughout our group and to look to the future with constantly renewed commitment and ambition.

Directors

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

Prof Dr W Carius	Chairman (Resigned 01 Jan 2011)
Mr A Owenson	Managing Director (Resigned 01 Jan 2012)
Mr J Dixon	Managing Director (Appointed 01 Jan 2012)
Mr K Rudolph	Finance & Administration Director (Alternate Director for Prof Dr W Carius) (Resigned 01 Jan 2011)
Mr F Huebler	Finance & Administration Director

Employee Involvement

Involving staff in the business is an important objective of company management. Active steps are taken to communicate business results and developments. Specific steps are taken to generate opportunities for consultation on current issues, the implications of main decisions and to gain ideas for improving results by changing company operations. Regular staff surveys check on employees' attitudes, wellbeing and views on the group.

The UK company participates fully in the Boehringer Ingelheim Forum (a European Works Council) which meets annually. Two British representatives, elected directly by employees, attend to discuss developments in the international business including sales and profit performance, investment strategies and various personnel and safety matters.

Communication and involvement of employees is therefore taken seriously and all managers have regular staff discussions.

Health and safety improvements are given the highest priority and the Group's health and safety record is reviewed regularly by the Executive Management Group.

Directors' Report (*continued*)

Employment of Disabled Persons

Full consideration is given to applications for employment made by disabled persons having regard to their particular aptitude and abilities. When a disabled person is employed or an employed person becomes disabled during the year, appropriate training and retraining is arranged, as necessary, to ensure as far as possible their progress within the organisation. Any reasonable amendments to equipment or work facilities needed to ensure the normal continuation of their work are made as appropriate.

Donations

The group operates a programme called Community Spirit which consists of initiatives to enable us to work closer with the communities in which our employees live and work. One aspect of this is the provision of charitable donations.

During the year the group made donations to charities of £38,000 (*2010 £38,000*). The donations were made to local and national charities in keeping with the Community Spirit programme.

Charitable donations included Barnardo's £21,000 and Royal Berkshire NHS Foundation Trust Society £5,000.

The group made no political contributions during the year (*2010 £nil*).

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself 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 that they may be reappointed will be proposed at the annual general meeting

On behalf of the board,



Mr F Huebler
Finance & Administration Director

6th June 2012

Independent Auditors' Report to the Members of Boehringer Ingelheim Limited

We have audited the group and parent company financial statements (the "financial statements") of Boehringer Ingelheim Limited for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent 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 financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended,

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Other Matters

The company has passed a resolution in accordance with section 506 of the Companies Act 2006 that the Senior Statutory Auditor's name should not be stated.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Reading

7 June 2012

Consolidated Profit and Loss Account
For the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Turnover	2	348,094	338,938
Change in stocks of finished goods and work in progress	10	(12,340)	9,900
Other operating income	3	86,542	54,609
		422,296	403,447
Raw materials and consumables		(211,131)	(214,188)
Staff costs	5	(49,888)	(52,689)
Staff costs before exceptional items		(49,723)	(47,392)
Exceptional items	3	(165)	(5,297)
Depreciation and other amounts written off tangible assets	8	(6,421)	(9,160)
Other operating charges		(135,668)	(114,338)
Operating profit	3	19,188	13,072
Interest receivable and similar income	6a	410	38
Interest payable and similar charges	6b	(521)	(430)
Other finance income	6c	700	200
Profit on ordinary activities before taxation		19,777	12,880
Tax on profit on ordinary activities	7	(5,258)	(3,826)
Profit for the financial year	15	14,519	9,054

There is no material difference for the years 2010 and 2011 between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents. All activities relate to continuing operations.

Consolidated Statement of Total Recognised Gains and Losses
For the year ended 31 December 2011

		2011 £000	2010 £000
Profit for the financial year		14,519	9,054
Actuarial (loss)/gain on pension and post retirement liabilities	17	(4,800)	100
Current tax deduction allocated to actuarial losses		926	1,195
Movement on deferred tax		239	(925)
Total recognised gains relating to the year		10,884	9,424

The notes on pages 10 to 26 form part of these financial statements

**Consolidated Balance Sheet
as at 31 December 2011**

		2011		2010	
	Notes	£000	£000	£000	£000
Fixed Assets					
Tangible Assets	8		15,694		19,611
Current Assets					
Stock	10	51,383		39,043	
Debtors	11	108,886		70,545	
Cash at bank and in hand		<u>2,492</u>		<u>14,878</u>	
		162,761		124,466	
Creditors' amounts falling due within one year	12	<u>(118,810)</u>		<u>(74,866)</u>	
Net current assets			<u>43,951</u>		<u>49,600</u>
Total assets less current liabilities			59,645		69,211
Provisions for liabilities	13		<u>(4,161)</u>		<u>(5,854)</u>
Net assets excluding pension asset and healthcare liability			55,484		63,357
Pension asset	17		3,572		4,015
Healthcare liability	17		<u>(3,600)</u>		<u>(3,100)</u>
Net assets including pension asset and healthcare liability			<u>55,456</u>		<u>64,272</u>
Capital and reserves					
Called up share capital	14		16,900		16,900
Revaluation reserve	15		3,325		3,025
Profit and loss account	15		<u>35,231</u>		<u>44,347</u>
Total shareholders' funds			<u>55,456</u>		<u>64,272</u>

These financial statements were approved by the Board of Directors and were signed on its behalf by

Mr J Dixon
Managing Director

6th June 2012

Company No 00711858
Boehringer Ingelheim Limited

The notes on pages 10 to 26 form part of these financial statements



**Company Balance Sheet
as at 31 December 2011**

		2011		2010	
	Notes	£000	£000	£000	£000
Fixed Assets					
Tangible Assets	8		15,694		19,611
Investments	9		3,400		3,400
			<u>19,094</u>		<u>23,011</u>
Current Assets					
Stock	10	51,383		39,043	
Debtors	11	108,886		70,545	
Cash at bank and in hand		<u>2,492</u>		<u>14,878</u>	
		<u>162,761</u>		<u>124,466</u>	
Creditors' amounts falling due within one year	12	<u>(122,680)</u>		<u>(78,736)</u>	
Net current assets			<u>40,081</u>		<u>45,730</u>
Total assets less current liabilities			<u>59,175</u>		<u>68,741</u>
Provisions for liabilities	13		<u>(4,161)</u>		<u>(5,854)</u>
Net assets excluding pension asset and healthcare liability			<u>55,014</u>		<u>62,887</u>
Pension asset	17		3,572		4,015
Healthcare liability	17		<u>(3,600)</u>		<u>(3,100)</u>
Net assets including pension asset and healthcare liability			<u><u>54,986</u></u>		<u><u>63,802</u></u>
Capital and reserves					
Called up share capital	14		16,900		16,900
Revaluation reserve	15		3,325		3,025
Profit and loss account	15		<u>34,761</u>		<u>43,877</u>
Total shareholders' funds			<u><u>54,986</u></u>		<u><u>63,802</u></u>

These financial statements were approved by the Board of Directors and were signed on its behalf by

Mr J Dixon
Managing Director

6th June 2012

Company No 00711858
Boehringer Ingelheim Limited



The notes on pages 10 to 26 form part of these financial statements

**Reconciliation of Movements in Shareholders' Funds
For the year ended 31 December 2011**

	Group 2011 £000	Company 2011 £000	Group 2010 £000	Company 2010 £000
Profit for the financial year	14,519	14,519	9,054	9,054
Dividends	(20,000)	(20,000)	-	-
Movement in revaluation reserve (note 15)	300	300	-	-
Actuarial loss on pension (note 17)	(4,400)	(4,400)	(1,000)	(1,000)
Actuarial (loss)/gain on healthcare (note 17)	(400)	(400)	1,100	1,100
Current tax deduction allocated to actuarial losses	926	926	1,195	1,195
Movement on deferred tax	239	239	(925)	(925)
Net (deduction from)/addition to shareholders' funds	(8,816)	(8,816)	9,424	9,424
Opening shareholder's funds	64,272	63,802	54,848	54,378
Closing shareholders' funds	<u>55,456</u>	<u>54,986</u>	<u>64,272</u>	<u>63,802</u>

Notes to the consolidated financial statements
For the year ended 31 December 2011

1. Accounting Policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Consolidation

The consolidated financial statements incorporate the financial statements of the company and the subsidiaries over which control is exercised. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated results from the date of acquisition or up to the date of disposal. Throughout the year subsidiary companies continued to be dormant.

In accordance with Section 408 of the Companies Act 2006, a separate Profit and Loss Account of Boehringer Ingelheim Limited is not presented. The profit after tax of the company was £14.5m (2010: £9.1m).

Cash flow statement

The company is a wholly owned subsidiary company of a group headed by C.H. Boehringer Sohn, and is included in the consolidated financial statements of that company, which are publicly available (note 18). Consequently, the company has taken advantage of the exemption within FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost or revaluation cost, less accumulated depreciation and any provision for impairment. Depreciation is not provided on freehold land. On other assets it is provided to write off the cost or revalued amount less the estimated residual value in equal annual instalments over their estimated useful economic lives as follows:

Freehold buildings	10 to 25 years
Motor vehicles	5 years
Plant and machinery	3 to 10 years
Fixtures, fittings, tools and equipment	5 to 10 years

Freehold land and buildings are revalued periodically and stated at the valuation amount under FRS15 'Tangible Fixed Assets' (note 8).

Cost is the original purchase price of the asset.

Foreign currencies

Monetary assets and liabilities are converted into local currency at the exchange rate as at the balance sheet date, with any gains or losses recognised in the profit and loss statement. Transactions during the year are converted into local currency at the exchange rate prevailing in the month of the transaction.

Notes to the consolidated financial statements (*continued*)

1. Accounting Policies (*continued*)

Related party transactions

In accordance with FRS 8 'Related Party Transactions', the company is exempt from disclosing transactions with other companies in the Boehringer Ingelheim Group, because its financial statements are consolidated in the financial statements of C H Boehringer Sohn which are publicly available and it is a wholly owned subsidiary of the Group (note 18)

Defined contribution pension scheme

The group operates a defined contribution pension scheme for employees who joined the group from 1999. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost disclosed in note 17 represents contributions payable by the company to the fund.

Defined benefit pension scheme

The group operates a defined benefit pension scheme for the benefit of its employees who joined the group prior to 1999, the assets of which are held separately from those of the group in independently administered funds.

The assets of the defined benefit scheme are measured using market value. The scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities expected to arise from employee service in the year is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

Pension schemes surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax. The defined benefit pension scheme is accounted for in accordance with FRS17 'Retirement Benefits' including the valuation of investments at current bid price.

Other Retirement Benefits

The company provides healthcare cover for certain retired employees. Post retirement healthcare benefits are accounted for in accordance with FRS17. The costs of post retirement healthcare benefits are calculated in a similar way to defined benefit pension schemes and were allocated to the period which the benefit was derived from the employee's services in accordance with advice from a qualified actuary.

Research and Development

All research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

Stock

Stock is stated at the lower of cost and net realisable value and is net of providing for obsolete and slow moving items. Costs include all direct expenditure, direct labour and production overheads based on the normal level of activity.

Deferred tax and Current Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset would be regarded as recoverable and therefore only recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Current tax is calculated on the taxable profits of the company at the prevailing rate of 26.5% and a creditor recognised at the balance sheet date less any payments on account made during the year.

Notes to the consolidated financial statements (continued)

1. Accounting Policies (continued)

Investments

Investments held as fixed assets are stated at cost less provision for impairment. The directors perform impairment reviews annually (Note 9).

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 (Note 13). Provisions are measured based on available factual information and management judgement.

Other operating charges

Other operating charges include overhead administration, distribution, marketing, and research and development costs on an accruals basis.

Other operating income

Other operating income includes the inter group recharge of international research and development, the reimbursement of restructuring costs associated with the phased closure of the Manufacturing division and Finance and Administration restructuring, and amounts necessary to ensure the company operates within its arm's length distribution agreement.

Turnover

Turnover represents the sale of goods at invoiced value, excluding value added tax, less rebates and discounts, on an accruals basis. Revenue is recognised on delivery of the product to the customer, where the customer has accepted the product and collectability of the related receivables are reasonably assured. An estimate is made of outstanding rebates due on sales made during the year based on available information and management judgement.

2 Turnover

	2011 Turnover £000	2011 Profit £000	2010 Turnover £000	2010 Profit £000
By geographical market				
United Kingdom	320,839	16,983	314,047	11,516
Other European Countries	27,255	1,443	24,891	913
All turnover originates from the UK	<u>348,094</u>	<u>18,426</u>	<u>338,938</u>	<u>12,429</u>

	2011 Turnover £000	2011 Profit £000	2010 Turnover £000	2010 Profit £000
Class of Business				
Prescription Medicine	296,994	15,721	291,263	10,681
Consumer Healthcare	16,300	863	14,700	539
Animal Health	34,800	1,842	32,975	1,209
	<u>348,094</u>	<u>18,426</u>	<u>338,938</u>	<u>12,429</u>

Other profit and loss items	762	643
Operating profit	<u>19,188</u>	<u>13,072</u>
Net interest receivable/(payable)	589	(192)
Profit on ordinary activities before taxation	<u>19,777</u>	<u>12,880</u>

Notes to the consolidated financial statements (*continued*)

2. Turnover (<i>continued</i>)	2011 £000	2010 £000
Net Assets		
By geographical market		
United Kingdom	50,681	59,117
Ireland	<u>4,305</u>	<u>4,685</u>
	<u>54,986</u>	<u>63,802</u>

The split of the net assets of the group is in line with the above, the only difference being a net intercompany debtor of £470k which is a common asset that cannot be reasonably split between the geographical markets or classes of business

Class of Business	2011 £000	2010 £000
Prescription Medicine	46,914	54,828
Consumer Healthcare	2,575	2,767
Animal Health	<u>5,497</u>	<u>6,207</u>
	<u>54,986</u>	<u>63,802</u>

3. Operating Profit

Operating Profit is stated after charging/(crediting)	2011 £000	2010 £000
Research and development expenditure	35,482	29,412
Depreciation of owned assets (note 8)	6,421	9,160
Reorganisation costs for phased closure of manufacturing division and Finance and Administration restructure	165	5,297
Fees payable to the group's auditor for the audit of the group's annual financial statements	70	67
Fees payable to the group's auditor and its associates for other non audit services		
Tax compliance	3	3
Fees in respect of the Boehringer Ingelheim pension schemes		
Audit of defined contribution pension scheme	14	14
Audit of defined benefit pension scheme	16	16
Loss on disposal of fixed assets	354	684
Foreign exchange net loss/(gain)	421	(126)
Other operating income (including R&D income)	<u>(86,542)</u>	<u>(54,609)</u>

4. Directors' emoluments

	2011 £000	2010 £000
Aggregate emoluments	<u>515</u>	<u>450</u>
Company contributions to defined benefit pension scheme	<u>30</u>	<u>54</u>

The aggregate emoluments of the highest paid director were £274,000 (2010 £240,000) and pension contributions were £2,000 (2010 £27,000)

Retirement benefits under a defined benefit scheme are accruing to the following number of directors

<u>2</u>	<u>2</u>
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The highest paid director is a member of a defined benefit scheme operated by BI Pharma GmbH & Co KG and a recharge of pension contributions is made to the UK each year in respect of the contributions paid. The amount of the end of year pension accrued in respect of company service of the highest paid director is £402 (2010 £3,000)

Notes to the consolidated financial statements (*continued*)

5. Employee information

The average monthly number of persons on a Full Time Equivalent basis, including directors, employed by the company and the group during the year was 621 (2010 682) All employees were engaged in the principal activity of the group

The employee split for the company and the group was as follows	2011	2010
Sales and Marketing	369	417
Manufacturing	-	55
Research & Development	132	108
Management and administration	120	102
	<u>621</u>	<u>682</u>

The aggregate payroll costs of those persons were as follows	2011	2010
	£000	£000
Wages and salaries	39,700	42,581
Social Security costs	6,352	5,837
Pension costs (note 17)	3,836	4,271
	<u>49,888</u>	<u>52,689</u>

6a. Interest receivable and similar income

	2011	2010
	£000	£000
On cash and bank deposits	410	38
	<u>410</u>	<u>38</u>

6b. Interest payable and similar charges

	2011	2010
	£000	£000
On inter-company loans	521	430
	<u>521</u>	<u>430</u>

6c. Other finance income/(charges) (note 17.3)

	2011	2010
	£000	£000
Expected return on pension scheme assets	8,500	7,200
Interest on pension scheme liabilities	(6,700)	(6,800)
Interest on healthcare scheme liabilities	(200)	(200)
Restriction on expected return due to balance sheet limit	(900)	-
	<u>700</u>	<u>200</u>

Notes to the consolidated financial statements (*continued*)

7. Tax on profit on ordinary activities

Analysis of charge in year:

	2011	2010
	£000	£000
Current tax		
UK corporation tax on profits of the year at 26.5% (2010: 28%)	6,271	3,927
Adjustment in respect of previous years	<u>(457)</u>	<u>(1,128)</u>
Total current tax charge	<u>5,814</u>	<u>2,799</u>
Deferred tax		
Origination and reversal of timing differences (ACA and other)	(669)	1,174
Adjustment in respect of previous years	<u>113</u>	<u>(147)</u>
Total deferred tax charge (note 11)	<u>(556)</u>	<u>1,027</u>
Tax charge on profit on ordinary activities	<u><u>5,258</u></u>	<u><u>3,826</u></u>

Factors affecting tax charge for year:

The tax assessed for the year is higher (2010: lower) than the standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are explained below:

	2011	2010
	£000	£000
Profit on ordinary activities before taxation	<u>19,777</u>	<u>12,880</u>
Profit on ordinary activities multiplied by standard rate in the UK 26.5% (2010: 28%)	5,241	3,606
Effects of:		
Expenses not deductible for tax purposes	583	653
R&D tax credit	(345)	(518)
Capital allowances less than depreciation	926	1,729
Other timing differences	(134)	(1,543)
Adjustment in respect of previous years	<u>(457)</u>	<u>(1,128)</u>
Current tax charge for the year	<u><u>5,814</u></u>	<u><u>2,799</u></u>

Factors that may affect future tax charges:

The availability of R&D incentives may affect the future tax rate of the group.

Finance (No 2) Act 2010 introduced a reduction in the main rate of UK corporation tax from 28% to 27%. Finance (No 2) Act was substantively enacted on 20 July 2010 and was effective from 1 April 2011, such that the relevant deferred tax balances as at 31 December 2010 were calculated using a deferred tax rate of 27%.

Subsequently, a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was confirmed by the Finance Act 2011 in July 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. The March 2012 Budget confirmed an additional 1% reduction in Corporation Tax with a proposed rate of 24% from 1 April 2012 and as this was substantively enacted in March 2012, the relevant deferred tax balances as at 31 December 2011 were calculated using a deferred tax rate of 24%.

Notes to the consolidated financial statements (*continued*)

8 Tangible fixed assets

The group and company	Freehold land and buildings	Plant and machinery	Vehicles, fixtures, fittings, tools and equipment	Total
	£000	£000	£000	£000
Cost/valuation				
At 1 January 2011	12,757	514	20,705	33,976
Reallocation	292	-	(292)	-
Additions	-	-	3,090	3,090
Movement in revaluation reserve	300	-	-	300
Disposals	(4,578)	-	(2,516)	(7,094)
At 31 December 2011	8,771	514	20,987	30,272
Accumulated Depreciation				
At 1 January 2011	508	293	13,564	14,365
Reallocation	133	-	(133)	-
Charge for the year	3,799	14	2,608	6,421
On disposals	(4,419)	-	(1,789)	(6,208)
At 31 December 2011	21	307	14,250	14,578
Net book value				
At 31 December 2011	8,750	207	6,737	15,694
At 31 December 2010	12,249	221	7,141	19,611
Comparable amounts determined according to the historical cost convention				
Cost	5,446			
Accumulated depreciation	(21)			
Net book value				
At 31 December 2011	5,425			
At 31 December 2010	9,224			

Freehold land and buildings includes freehold land at a cost of £1,473,000 which is not depreciated (2010 £1,473,000)

Notes to the consolidated financial statements (*continued*)

8. Tangible Fixed assets (*continued*)

Freehold land and buildings are revalued periodically and stated at the valuation amount. The revaluation policy follows the requirements of FRS 15. As required under FRS15, a full valuation as at 31 December 2011 was carried out by GL Hearn, Chartered Surveyors, on 31 March 2012 in accordance with the RICS Appraisal and Valuation Standards. The valuation of freehold land and buildings on the basis of Existing Use Value is made up of two amounts: £3.95m for the buildings plus £4.8m for the site land.

No deferred tax has been provided on the gain arising from revaluation as there is no current intention to enter into an agreement to sell the revalued assets.

9. Fixed Asset Investments

The company

	£000
Shares in subsidiary under-takings at cost and net book value as at 1 January 2011 and 31 December 2011	<u>3,400</u>

The companies in which Boehringer Ingelheim Limited has a greater than 20% stake are as follows:

<i>Subsidiary undertakings</i>	<i>Country of registration</i>	<i>Principal activity</i>	<i>% of shares held</i>
Medica Limited	England and Wales	Dormant	100%
Windsor Healthcare Limited	England and Wales	Dormant	100%

All shares held are £1 ordinary shares.

The Directors confirm that the book value of the investments is less than the value of the underlying net assets.

10. Stock

	2011 £000	2010 £000
The group and company		
Finished goods and goods for resale	<u>51,383</u>	39,043
	<u>51,383</u>	<u>39,043</u>

Notes to the consolidated financial statements (*continued*)

11 Debtors

The group and company

	2011 £000	2010 £000
Trade debtors	69,369	50,152
Amounts owed by group undertakings	33,987	4,340
Other debtors	1,640	12,295
Deferred tax asset	2,075	1,637
Prepayments	1,815	2,121
	<u>108,886</u>	<u>70,545</u>

Amounts owed by group companies are unsecured and no interest is charged as they relate to normal trading transactions

Deferred taxation:

	2011 £000	2010 £000
Accelerated capital allowances	1,309	667
Other timing differences	766	970
Deferred tax asset	<u>2,075</u>	<u>1,637</u>

The movement on deferred taxation comprises

	2011 £000	2010 £000
At 1 January	1,637	2,879
Debit to STRGL	(118)	(215)
Credit/(Debit) to profit and loss account (note 7)	556	(1,027)
At 31 December	<u>2,075</u>	<u>1,637</u>

12. Creditors - Amounts falling due within one year

	2011 £000	2010 £000
The group		
Trade creditors	7,903	28,435
Amounts owed to group undertakings	68,785	28,646
Corporation tax	2,222	567
Other taxation and social security	6,099	5,094
Other creditors	147	20
Accruals	<u>33,654</u>	<u>12,104</u>
	<u>118,810</u>	<u>74,866</u>
The company		
Trade creditors	7,903	28,435
Amounts owed to group undertakings	72,655	32,516
Corporation tax	2,222	567
Other taxation and social security	6,099	5,094
Other creditors	147	20
Accruals	<u>33,654</u>	<u>12,104</u>
	<u>122,680</u>	<u>78,736</u>

Amounts owed to group companies are unsecured and repayable on demand. Interest is charged at rates up to LIBOR plus 1%.

Notes to the consolidated financial statements (*continued*)

13. Provisions for liabilities

The group and company	Restructuring Provision (note 3) £000	Long Term Compensation Plan £000	Total £000
At 1 January 2011	2,919	2,935	5,854
Profit and loss account	165	259	424
Provision released in year	(686)	-	(686)
Provision utilised in year	<u>(1,431)</u>	<u>-</u>	<u>(1,431)</u>
At 31 December 2011	<u>967</u>	<u>3,194</u>	<u>4,161</u>

The long term compensation plan is a bonus scheme based on the global performance of the Boehringer Ingelheim group and will be paid out from 2012. The restructuring provision is expected to be utilised in 2012.

Deferred tax liability relating to pension asset	2011 £000	2010 £000
At 1 January	(1,485)	(560)
Deferred tax credited/(charged) to the statement of total recognised gains and losses	<u>357</u>	<u>(925)</u>
At 31 December	<u>(1,128)</u>	<u>(1,485)</u>

The deferred tax liability of £1 128m (2010: £1 485m) has been deducted in arriving at the net pension asset on the balance sheet.

14. Called up share capital

	2011 £000	2010 £000
Authorised, allotted and fully paid:		
Equity share capital		
Ordinary shares - 16,900,000 (2010: 16,900,000) of £1 each	<u>16,900</u>	<u>16,900</u>

Notes to the consolidated financial statements (*continued*)

15. Reserves

The group	Profit and loss account £000	Revaluation reserve £000
At 1 January 2011	44,347	3,025
Profit for the financial year	14,519	-
Movement on revaluation reserve	-	300
Dividend (note 19)	(20,000)	-
Actuarial loss on pension asset and healthcare liability (note 17)	(4,800)	-
Current tax deduction allocated to actuarial losses	926	-
Movement on deferred tax	239	-
At 31 December 2011 including FRS 17 pension asset and healthcare liability	<u>35,231</u>	<u>3,325</u>
Pension asset (note 17)	(3,572)	-
Healthcare liability (note 17)	3,600	-
At 31 December 2011 excluding FRS 17 pension asset and healthcare liability	<u>35,259</u>	<u>3,325</u>
The company	Profit and loss account £000	Revaluation reserve £000
At 1 January 2011	43,877	3,025
Profit for the financial year	14,519	-
Movement on revaluation reserve	-	300
Dividend (note 19)	(20,000)	-
Actuarial loss on pension asset and healthcare liability (note 17)	(4,800)	-
Current tax deduction allocated to actuarial losses	926	-
Movement on deferred tax	239	-
At 31 December 2011 including FRS 17 pension asset and healthcare liability	<u>34,761</u>	<u>3,325</u>
Pension asset (note 17)	(3,572)	-
Healthcare liability (note 17)	3,600	-
At 31 December 2011 excluding FRS 17 pension asset and healthcare liability	<u>34,789</u>	<u>3,325</u>

The revaluation reserve arises from the revaluation of land and buildings as explained in note 8

16. Contingent liabilities

Pharmaceutical Price Regulation Scheme (PPRS)

The company is a member of the PPRS, a voluntary agreement between the Department of Health (DoH) and the pharmaceutical industry

The company complies with the terms of the PPRS and, in order to do so, it is often involved in confidential correspondence with the DoH based on the company's annual financial statements. The directors of the company may, from time to time, need to make appropriate provision for liabilities under the scheme

Notes to the consolidated financial statements (*continued*)

16. Contingent liabilities (*continued*)

Legal and other disputes

The company is subject to other legal disputes, including notification of possible claims. The company's Directors, having taken legal and other specialist advice, have not deemed it necessary to establish provisions in the year after taking into account insurance and other agreements and having regard to the relevant facts and circumstances of each matter and in accordance with accounting requirements.

17 Retirement Benefits

The company operates a defined benefit pension scheme, the Boehringer Ingelheim 1965 Pension Scheme and a defined contribution scheme, the Boehringer Ingelheim 1999 Pension Scheme.

The company also operates an unfunded post-retirement healthcare arrangement which covers certain retired employees for future healthcare costs.

17.1.1 Boehringer Ingelheim 1999 Pension Scheme

This scheme is a defined contribution scheme. Contributions are made in accordance with the scheme rules. The pension cost is determined as the contributions payable by the company to the scheme in respect of the year, plus the premiums for the death in service benefit insurance which are also met by the company.

The pension cost for the year ended 31st December 2011 was £2.9m (2010 £3.3m). At the balance sheet date there were no costs outstanding nor were any amounts prepaid (2010 £nil).

17.1.2 Boehringer Ingelheim 1965 Pension Scheme

This is a defined benefit scheme. The scheme funds are administered by trustees and are independent of the Company's finances. Contributions are paid to the scheme as determined by the Trustees having considered the advice of an independent actuarial adviser.

The most recent full actuarial valuation of the scheme was carried out as at 31 December 2008. The results of this valuation have been projected forwards to the balance sheet date by an independent qualified actuary in accordance with FRS17. As required by FRS17, the value of the defined benefit liabilities has been measured using the projected unit method.

The key FRS17 assumptions used for the scheme are set out in note 17.3, along with the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS17 liabilities and the surplus of assets below the FRS17 liabilities (which equals the Net Pension asset).

17.2 Post Retirement Healthcare

The group conforms with the provisions of FRS17, which requires accrual of these costs over the year during which employees become eligible for such benefits. The provision for these costs was £3.6m as at 31st December 2011 (2010 £3.1m). The amount was calculated by an independent qualified actuary using an assumed price inflation rate of 3.1%pa (2010 3.5%), a rate of inflation for medical expenses of 6.1% pa (2010 6.5%) and a discount rate of 4.9% pa (2010 5.5%).

Notes to the consolidated financial statements (*continued*)

17.3 Retirement Benefits

Assumptions	2011	2010
Price Inflation	3.1% pa	3.5% pa
Discount Rate	4.9% pa	5.5% pa
Pension increases (5% LPI)	3.0% pa	3.4% pa
Salary growth	3.1% pa	3.5% pa
Healthcare cost inflation	6.1% pa	6.5% pa
	2009	2008
Price Inflation	3.6% pa	3.0% pa
Discount Rate	5.6% pa	6.4% pa
Pension increases (LPI)	3.5% pa	2.9% pa
Salary growth	3.6% pa	3.0% pa
Healthcare cost inflation	6.6% pa	6.0% pa

On the basis of assumptions used for life expectancy, a male pensioner currently aged 65 would be expected to live for a further 23.4 years (2010 - 23.3 years) and a female pensioner currently aged 65 would be expected to live for a further 25.4 years (2010 - 25.3 years). Allowance is made for future improvements in life expectancy.

Asset distribution and expected return	2011		2010	
	Expected Return	Fair Value £000	Expected Return	Fair Value £000
Equities	6.8% pa	71,900	7.5% pa	72,200
Bonds - Government	2.8% pa	30,500	4.0% pa	27,700
- Corporate	4.6% pa	42,500	5.2% pa	39,900
Other (cash)	0.6% pa	600	4.2% pa	100
Total		<u>145,500</u>		<u>139,900</u>
	2009		2008	
	Expected Return	Fair Value £000	Expected Return	Fair Value £000
Equities	8.0% pa	50,200	7.4% pa	37,500
Bonds	4.2% pa	75,800	3.6% pa	73,600
Other (cash)	4.4% pa	300	3.8% pa	1,500
Total		<u>126,300</u>		<u>112,600</u>

Notes to the consolidated financial statements (*continued*)

17.3 Retirement Benefits (*continued*)

Balance Sheet	2011 £000	2011 £000	2011 £000	2010 £000	2010 £000	2010 £000
	'1965' Pension Scheme	Healthcare Scheme	Total	'1965' Pension Scheme	Healthcare Scheme	Total
Total market value of assets	145,500	-	145,500	139,900	-	139,900
Present value of scheme liabilities	(135,600)	(3,600)	(139,200)	(123,300)	(3,100)	(126,400)
Gross surplus/(deficit) in scheme	9,900	(3,600)	6,300	16,600	(3,100)	13,500
Adjustment to reflect asset limit	(5,200)	-	(5,200)	(11,100)	-	(11,100)
Adjusted pension assets/(liabilities)	4,700	(3,600)	1,100	5,500	(3,100)	2,400
Deferred tax (liability)/asset	(1,128)	-	(1,128)	(1,485)	-	(1,485)
Net pension assets/(liabilities)	3,572	(3,600)	(28)	4,015	(3,100)	915

FRS17 only allows a surplus to be recognised to the extent that the group may in future benefit from this surplus via either a reduction to future contributions or a refund to the group that has already been agreed. An adjustment of £5.2m was made in the current year to limit the surplus to £4.7m (2010: an adjustment of £11.1m was made to limit the surplus to £5.5m) as this is the estimated present value of benefits expected to accrue in the future for in service members and which is therefore the amount by which future contributions may be reduced.

	2009 £000	2009 £000	2009 £000	2008 £000	2008 £000	2008 £000
	'1965' Pension Scheme	Healthcare Scheme	Total	'1965' Pension Scheme	Healthcare Scheme	Total
Total market value of assets	126,300	-	126,300	112,600	-	112,600
Present value of scheme liabilities	(124,300)	(4,100)	(128,400)	(93,900)	(2,900)	(96,800)
Gross surplus/(deficit) in scheme	2,000	(4,100)	(2,100)	18,700	(2,900)	15,800
Adjustment to reflect asset limit	-	-	-	(15,300)	-	(15,300)
Adjusted pension assets/(liabilities)	2,000	(4,100)	(2,100)	3,400	(2,900)	500
Deferred tax (liability)/asset	(560)	-	(560)	(952)	-	(952)
Net pension liabilities	1,440	(4,100)	(2,660)	2,448	(2,900)	(452)

Over the year to 31st December 2011, contributions by the company of £3.6m (2010: £5.2m) were made to the scheme. Of this amount, £2.5m amounted to additional scheme funding. Future employer contributions will be at a rate of 26.9% of pensionable salaries to cover current service costs. A payment of £2.5m was made in January 2012 with further annual payments to follow from 2013 onwards, to fund the scheme's valuation deficit, as calculated under the Trustees' funding assumptions.

Notes to the consolidated financial statements (*continued*)

17.3 Retirement Benefits (continued)

Reconciliation of present value of scheme liabilities	2011 £000	2010 £000
1 January	123,300	124,300
Current service cost	900	1,100
Past service cost	-	200
Employee contributions	100	100
Interest cost	6,700	6,800
Benefits paid	(4,200)	(5,500)
Actuarial loss/(gain)	8,800	(3,700)
31 December	<u>135,600</u>	<u>123,300</u>

Reconciliation of fair value of scheme assets	2011 £000	2010 £000
1 January	139,900	126,300
Expected return on scheme assets	8,500	7,200
Actuarial (losses)/gains	(2,400)	6,600
Benefits paid	(4,200)	(5,500)
Contributions paid by employer	3,600	5,200
Contributions paid by employee	100	100
31 December	<u>145,500</u>	<u>139,900</u>

Return on Scheme Assets

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. The expected returns on government and corporate bonds are based on long term yields at the balance sheet date. The expected return on equities reflect long term real rates of return experienced in the various equity markets.

The actual return on scheme assets for 2011 was a gain of £6.1m (2010: gain of £13.8m).

Notes to the consolidated financial statements (*continued*)

17.3 Retirement Benefits (*continued*)

	Defined Benefit Pension Scheme		Healthcare Scheme	
	2011 £000	2010 £000	2011 £000	2010 £000
Operating Profit				
Current service cost	900	1,100	-	-
Past service cost	-	200	-	-
Unrecognised surplus deducted from past service cost	-	(200)	-	-
Operating charge	<u>900</u>	<u>1,100</u>	<u>-</u>	<u>-</u>
Other finance income/(expense) (note 6c)				
Expected return on pension scheme assets	8,500	7,200	-	-
Restriction on expected return due to balance sheet limit	(900)	-	-	-
Interest on pension scheme liabilities	<u>(6,700)</u>	<u>(6,800)</u>	<u>(200)</u>	<u>(200)</u>
Net credit/(charge)	<u>900</u>	<u>400</u>	<u>(200)</u>	<u>(200)</u>
Statement of total recognised gains and losses (STRGL)				
Actual return less expected return on pension scheme assets	(2,400)	6,600	-	-
Experience (losses)/gains arising on the scheme liabilities	(2,300)	900	(300)	1,100
Changes in assumptions underlying the present value of scheme liabilities	(6,500)	2,800	(100)	-
Gain/(loss) due to movements in balance sheet limitation	<u>6,800</u>	<u>(11,300)</u>	<u>-</u>	<u>-</u>
Actuarial (loss)/gain recognised in STRGL	(4,400)	(1,000)	(400)	1,100
Deferred tax asset at 26.5% (2010: 27%)	<u>1,165</u>	<u>270</u>	<u>-</u>	<u>-</u>
Net Actuarial (loss)/gain recognised in STRGL	<u>(3,235)</u>	<u>(730)</u>	<u>(400)</u>	<u>1,100</u>
Movement in surplus/(deficit) during the year				
Surplus/(deficit) 1st January	5,500	2,000	(3,100)	(4,100)
Current service cost	(900)	(1,100)	-	-
Contributions	3,600	5,200	100	100
Past service cost	-	(200)	-	-
Unrecognised surplus deducted from past service cost	-	200	-	-
Other net finance income/(expense)	900	400	(200)	(200)
Actuarial (loss)/gain	(4,400)	(1,000)	(400)	1,100
Surplus/(Deficit) at 31 December	<u>4,700</u>	<u>5,500</u>	<u>(3,600)</u>	<u>(3,100)</u>
Deferred tax liability at 24% (2010: 27%) (note 13)	<u>(1,128)</u>	<u>(1,485)</u>	<u>-</u>	<u>-</u>
Surplus/(deficit) at 31 December net of deferred tax	<u>3,572</u>	<u>4,015</u>	<u>(3,600)</u>	<u>(3,100)</u>

Notes to the consolidated financial statements (*continued*)

17.3 Retirement Benefits (*continued*)

Details of experience gains and losses

	2011		2010		2009		2008		2007	
P = Pension HC = Healthcare	P	HC	P	HC	P	HC	P	HC	P	HC
Defined Benefit Obligation £m	(135 6)	(3 6)	(123 3)	(3 1)	(124 3)	(4 1)	(93 9)	(2 9)	(102 6)	(3 4)
Plan Assets £m	145 5	-	139 9	-	126 3	-	112 6	-	120 3	-
Surplus / (Deficit) £m	9 9	(3 6)	16 6	(3 1)	2 0	(4 1)	18 7	(2 9)	17 7	(3 4)
Experience gains and (losses) on scheme assets										
Amount - (£000)	(2,400)	-	6,600	-	7,200	-	(15,700)	-	1,400	-
Experience gains and (losses) on scheme liabilities										
Amount - (£000)	(2,300)	(300)	900	1,100	(300)	-	(3,500)	-	(200)	500
Total amount recognised in statement of total recognised gains and (losses)										
Amount - (£000)	(4,400)	(400)	(1,000)	1,100	(4,700)	(1,100)	(7,300)	500	(6,400)	600
Deferred tax asset at 26.5% (2010 27% 2009 and prior 28%)	1,165	-	270	-	1,316	-	2,044	-	1,792	-
Amount net of deferred tax - (£000)	(3,235)	(400)	(730)	1,100	(3,384)	(1,100)	(5,256)	500	(4,608)	600

The cumulative actuarial loss recognised in the statement of total recognised gains/losses since the adoption of the amendment to FRS17 is £15.9m (2010 £11.5m)

The 1965 pension scheme is closed to new entrants and, under the method used to calculate pension costs in accordance with FRS17, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases

18. Ultimate parent and controlling party

The company is controlled by its immediate holding company, Boehringer Ingelheim Auslandsbeteiligung GmbH, which is incorporated in Germany

The ultimate parent undertaking and controlling party is C H Boehringer Sohn, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The consolidated financial statements are publicly available at Boehringer Ingelheim, D-55216, Ingelheim am Rhein, Germany

19. Dividends

The directors proposed and paid an interim dividend during 2011 of £20.0m (2010 £0.0m)

The dividend per share for 2011 was 118.3p (2010 0.0p)