

Registered Number 2296559

B Braun Medical Limited
Annual Report
for the year ended 31 December 2008

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B Braun Medical Limited
Annual Report
for the year ended 31 December 2008
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B Braun Medical Limited

Directors and advisers

Directors

H Hux (Chief Executive Officer)

P J Mitchell

Dr. H-W Grosse

P Parfaniuk

P Steel

Prof. M Ungethum

D Darling

D Oates

Company Secretary

G Watters

Registered Office

Thorncliffe Park

Sheffield

S35 2PW

Auditors

PricewaterhouseCoopers LLP

1 East Parade

Sheffield

S1 2ET

Bankers

HSBC Bank plc, Sheffield

Landesbank Thuringen Essen, Germany

B Braun Medical Limited

Directors' report for the year ended 31 December 2008

The directors present their report and the audited financial statements of the company for the year ended 31 December 2008.

Principal activities

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

Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

During recent years the company has invested significantly in the creation of three large decontamination centres, and acquired an established renal dialysis business on behalf of the B Braun group. The company has provided considerable support to the new businesses as they become established, whilst continuing to seek new areas of growth for its existing core business.

During 2008 the core company performance exceeded expectation. Above plan sales were achieved in each of its main divisions, and operating profit grew by 31%.

The company supplies goods to the healthcare sector and the directors consider that demand is unlikely to decline significantly in the long term despite the current pessimistic global economic climate. However, it is anticipated that the company will continue to experience downward pressure on margins in the short term as a consequence and the company will continue to monitor this very closely.

During 2009 the company plans to continue to diversify and expand its product offering whilst maintaining its existing focus on profitability improvement and cost control.

Principal risks and uncertainties

The directors consider that the effects of NHS initiatives on market pricing will continue to offer challenges and continue to take this into account when planning for the future. Future pension shortfalls also represent an area of uncertainty for the business. The directors continue to ensure that this is taken into account when planning. The directors consider that the weakening of sterling against the euro will also provide challenges in maintaining margins.

Strategy

Having invested in staff and systems over recent years, the company's overriding objective is now to grow profitable turnover commensurate with its long term goals.

The company uses key performance indicators to monitor current performance compared to agreed targets. The following observations have been made for the year ended 31 December 2008 compared to the year ended 31 December 2007. Gross profit as a percentage of sales rose by 1% (2007: rose by 1%). Sales turnover per head increased by 9% (2007: increased by 10%), and supply chain costs as a percentage of sales remained constant (2007: fell by 1%). Generally this is in line with the directors' current expectation. The company continues to be accredited with the Investors in People standard.

B Braun Medical Limited

Financial Risk Management

The company's operations expose it to a variety of financial risks including:

Price risk

The company is exposed to NHS initiatives on market pricing as a result of its operations. The level of exposure to this risk is monitored by the directors on an ongoing basis.

Credit risk

The company has implemented policies that require appropriate approval for potential customers before sales are made, and credit limits are set accordingly. Due to the nature of the company's customer base, the exposure to credit risk is considered to be low.

Liquidity risk

The company is financed by amounts borrowed from a revolving credit facility used by certain companies within the B Braun Melsungen AG group. The continued availability of group funding ensures that the company has sufficient funds for operations and planned expansion.

Interest rate cash flow risk

Due to group financing arrangements in place, the directors do not consider that the company is significantly exposed to risk from fluctuations in interest rates.

Results and dividends

The profit and loss account for the year is set out on page 8. The directors do not propose the payment of a final dividend (2007: £nil).

Directors

The directors who held office during the year are given below:

H Hux	(Chief Executive Officer)
P J Mitchell	
D Darling	
P Steel	
Dr. H-W Grosse	
P Parfaniuk	
Prof. M Ungethum	
D Thorpe	(resigned 24 June 2008)
D Oates	

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

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

B Braun Medical Limited

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

Charitable donations

The charitable contributions made by the company during the year amounted to £4,523 (2007: £10,406). There were no political contributions. The general purpose of charitable donations is the improvement of welfare in the wider community.

Auditors

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

By order of the Board

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Director
Sheffield

25th March 2009

B Braun Medical Limited

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as information needed by the company's auditors in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty 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.

By order of the Board



Director
25th March 2009

B Braun Medical Limited

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

We have audited the financial statements of B Braun Medical Limited for the year ended 31 December 2008 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet, the Statement of accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

B Braun Medical Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Sheffield

31 March 2009

B Braun Medical Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover	1	81,895	71,633
Cost of sales		(48,501)	(42,767)
Gross profit		33,394	28,866
Net operating expenses	2	(28,371)	(25,018)
Operating profit	5	5,023	3,848
Interest receivable and similar income	6	1,692	228
Interest payable and similar charges	7	(2,588)	(1,692)
Profit on ordinary activities before taxation		4,127	2,384
Tax on profit on ordinary activities	8	(1,442)	(269)
Profit for the financial year	19	2,685	2,115

All items dealt with in arriving at operating profit above relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

B Braun Medical Limited

Statement of total recognised gains and losses for the year ended 31 December 2008

	2008
	£'000
Profit for the financial year	2,685
Actuarial loss on pension scheme	(655)
Movement on deferred tax relating to pension liability	183
Current tax deductions allocated to actuarial losses	126
Total recognised profits	2,339

B Braun Medical Limited

Balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	9	9,590	7,136
Investments	10	3,420	3,420
		13,010	10,556
Current assets			
Stock	11	15,637	12,388
Debtors	12	62,343	40,951
Cash at bank and in hand		340	741
		78,320	54,080
Creditors: amounts falling due within one year	13	(66,217)	(41,337)
Net current assets		12,103	12,743
Total assets less current liabilities		25,113	23,299
Creditors: amounts falling due after more than one year	14	(7,943)	(8,259)
Provisions for liabilities and charges	16	(511)	(861)
Net assets excluding pension liability		16,659	14,179
Pension liability	22	(1,689)	(1,548)
Net assets including pension liability		14,970	12,631
Capital and reserves			
Called up share capital	17	10,000	10,000
Profit and loss reserve	18	4,970	2,631
Equity shareholders' funds	19	14,970	12,631

The financial statements on pages 8 to 29 were approved by the board of directors on 25th March 2009 and were signed on its behalf by:


Director

B Braun Medical Limited

Statement of accounting policies

These financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Turnover

Turnover represents the invoiced value of goods and services supplied, excluding value added tax and trade discounts. Under normal circumstances, turnover is recognised upon despatch. Where consignment stock arrangements are in place, turnover is recognised upon notification by the customer that the product has been withdrawn from consignment or, where relevant, on expiry of a fixed contractual term.

Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the useful life of the related assets.

Foreign currencies

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

Fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight-line basis over their estimated economic lives. The estimated economic lives used for this purpose are:

Freehold buildings	2-3%
Leasehold improvements	life of lease
Plant and machinery	10%
Motor vehicles	25%
Fixtures and fittings	10-33%
Tooling	33%
Demonstration stock	20-33%
Assets in the course of construction	Nil

Freehold land is not depreciated.

Leases

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

B Braun Medical Limited

Equipment leased to customers

Equipment leased to customers under finance leases is deemed to be sold at normal selling value which is taken to turnover at the inception of the lease. Debtors under finance leases represent outstanding amounts due under these agreements less finance charges allocated to future periods. Finance lease interest is recognised over the primary period of the lease so as to produce a constant rate of return on the net cash investment.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in, first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Change in accounting policy

The company has adopted the amendment to FRS 17, "Retirement Benefits". As a result of this quoted securities held as plan assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The impact on the valuation of plan assets at 31 December is not material; therefore no restatement has been made. Current and prior year profits have been unaffected by this change.

Pensions

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

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

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

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

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

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

Further details are set out in note 22.

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

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Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Related party transactions

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

Exemption from the obligation to prepare group accounts and a cash flow statement

The company is a wholly-owned subsidiary of B Braun Melsungen AG and the results and cash flows of the company are included in the consolidated financial statements of that company. Accordingly, the company has chosen to take the exemption under the Companies Act 1985 Section 228 from preparing group accounts and the exemption under FRS 1 "Cash Flow Statements" from preparing a cash flow statement.

B Braun Medical Limited

Notes to the financial statements for the year ended 31 December 2008

1 Segmental reporting

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

2 Net operating expenses

	2008 £'000	2007 £'000
Selling and distribution costs	23,267	20,376
Administrative expenses	5,104	4,642
Net operating expenses	28,371	25,018

3 Employee information

	2008 £'000	2007 £'000
Wages and salaries	15,690	13,485
Social security costs	1,980	1,510
Pension costs (note 22)	835	865
	18,505	15,860

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

By activity	2008 Number	2007 Number
Production	102	100
Sales and administration	325	306
	427	406

B Braun Medical Limited

4 Directors' emoluments

	2008	2007
	£'000	£'000
Aggregate emoluments	1,178	1,086
Emoluments payable to the highest paid director are as follows:	2008	2007
	£'000	£'000
Aggregate emoluments and benefits	332	292
Money purchase pension scheme:		
- Company contributions paid	10	10

Retirement benefits are accruing to three (2007: three) directors under a defined benefit scheme and to six under a money purchase scheme (2007: five). Company contributions in respect of directors that are members of the money purchase scheme totalled £39,145 for the year (2007: £24,719).

The emoluments of Dr. H-W Grosse and Prof. M Ungethum are paid by other group companies. These directors are also directors of the ultimate parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of these directors. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the ultimate parent company.

5 Operating profit

	2008	2007
	£'000	£'000
Operating profit is stated after (crediting)/charging:		
Amortisation of government grant	(2)	(2)
Rentals receivable under finance leases	(68)	(43)
Depreciation charge for the period		
- owned assets	1,107	810
Auditors' remuneration for:		
- audit	47	38
- taxation services	45	35
Hire of plant and machinery – operating leases	1,543	1,320
Hire of land and buildings – operating leases	146	146

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6 Interest receivable and similar income

	2008 £'000	2007 £'000
On bank deposits	33	-
Interest receivable on finance leases	9	9
Group interest receivable	1,639	219
Other finance income	11	-
	1,692	228

7 Interest payable and similar charges

	2008 £'000	2007 £'000
On bank loans and overdrafts	2,514	1,169
Group interest payable	26	417
Onerous lease provision unwinding of discount	48	43
Other finance costs	-	63
	2,588	1,692

8 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax:		
UK corporation tax on profits of the period	1,370	-
Adjustments in respect of prior periods	290	111
Total current tax	1,660	111
Deferred tax:		
Origination and reversal of timing differences	(218)	158
Total deferred tax (note 16)	(218)	158
Tax on profit on ordinary activities	1,442	269

B Braun Medical Limited

The current tax charge for the period is higher (2007: lower) than the standard rate of corporation tax in the UK (28.5%). The differences are explained below:

	2008	2007
	£'000	£'000
Profit on ordinary activities	4,127	2,384
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	1,176	715
Effects of:		
Expenses not deductible for tax purposes	276	232
Accelerated capital allowances and other timing differences	(183)	(643)
Group relief surrendered/(claimed) not paid	94	(304)
Adjustments in respect of previous periods	290	111
Movement in respect of revaluations or assets becoming non qualifying	7	-
Current tax charge for the period	1,660	111

B Braun Medical Limited

9 Tangible assets

	Land and buildings						
	Freehold	Long leasehold	Assets in the course of construction	Plant and machinery	Demonstration stock	Tooling, fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 January 2008	6,860	382	-	2,740	3,174	2,516	15,672
Additions	21	-	1,741	165	1,321	316	3,564
Disposals	-	-	-	(61)	(485)	(152)	(698)
At 31 December 2008	6,881	382	1,741	2,844	4,010	2,680	18,538
Accumulated depreciation							
At 1 January 2008	1,826	346	-	2,206	1,723	2,435	8,536
Charge for the year	207	20	-	97	723	60	1,107
Disposals	-	-	-	(61)	(482)	(152)	(695)
At 31 December 2008	2,033	366	-	2,242	1,964	2,343	8,948
Net book amount							
At 31 December 2008	4,848	16	1,741	602	2,046	337	9,590
At 31 December 2007	5,034	36	-	534	1,451	81	7,136

B Braun Medical Limited

10 Investments

	Interest in group undertakings £'000
At 1 January 2008 and 31 December 2008	3,420

Interest in group undertakings

Details of interest in group undertakings are as follows:

Name of undertaking	Description of shares held	Proportion of nominal value of issued shares held	
		Direct	Indirect
		%	%
B Braun Sterilog Limited	Ordinary	100	-
B Braun Sterilog (Yorkshire) Limited	Ordinary	-	100
B Braun Sterilog (Birmingham) Limited	Ordinary	-	100
Downs Surgical Limited	Ordinary	100	-
Aesculap Academia Company Limited	Ordinary	100	-
Vifor (UK) Limited	Ordinary	73.5	-

All companies are registered and incorporated in England and Wales and have a year end of 31 December.

B Braun Sterilog Limited is a holding company for the investments in B Braun Sterilog (Yorkshire) Limited and B Braun Sterilog (Birmingham) Limited. Both B Braun Sterilog (Yorkshire) Limited and B Braun Sterilog (Birmingham) Limited operate decontamination centres as outsourced facilities for the NHS and other third party companies.

Downs Surgical Limited, Aesculap Academia Company Limited and Vifor (UK) Limited are non-trading.

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11 Stock

	2008 £'000	2007 £'000
Raw materials and consumables	1,571	1,369
Work in progress	859	627
Finished goods and goods for resale	13,207	10,392
	15,637	12,388

12 Debtors

	2008 £'000	2007 £'000
Trade debtors	11,075	11,310
Amounts owed by group undertakings	1,287	1,614
Loans receivable from group undertakings	48,764	26,570
Other debtors	50	48
Prepayments and accrued income	700	376
Finance lease receivable	223	290
Corporation tax	244	743
	62,343	40,951

Loans receivable and amounts owed by group undertakings are unsecured and have no fixed date of repayment. Interest is received on loans receivable at LIBOR plus 0.35%. No interest is receivable on amounts owed by group undertakings.

	2008 £'000	2007 £'000
Net investment in finance leases comprises:		
Total amounts receivable	237	313
Less: Interest allocated to future periods	(14)	(23)
	223	290

Rentals receivable during the year under finance leases and hire purchase contracts amounted to £68,000 (2007: £43,000).

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13 Creditors – amounts falling due within one year

	2008 £'000	2007 £'000
Bank loans and overdrafts (note 15)	49,316	26,294
Trade creditors	2,697	2,115
Amounts owed to group undertakings	8,172	7,300
Other taxation and social security payable	1,606	2,295
Accruals and deferred income	4,426	3,333
	66,217	41,337

Amounts owed to group undertakings are unsecured and no interest is payable on the liability.

14 Creditors – amounts falling due after more than one year

	2008 £'000	2007 £'000
Bank loan (note 15)	4,101	4,417
Amounts owed to group undertakings	3,842	3,842
	7,943	8,259

15 Loans and other borrowings

	2008 £'000	2007 £'000
Bank loan and overdrafts	53,417	30,711

	2008 £'000	2007 £'000
Within one year	49,316	26,294
Between one and two years	338	316
Between two and five years	1,166	1,088
After more than five years	2,597	3,013
	53,417	30,711

Included in the above is a bank loan of £4,417,000, which carries interest at a fixed rate of 6.96%. Under the terms of the agreement, repayment is by quarterly instalments until 19 November 2014.

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The loan is secured by a mortgage over the freehold land and buildings and other assets of the company.

The remaining balance of £49,000,000 relates to amounts borrowed from a revolving credit facility used by certain companies within the B Braun Melsungen AG group. Interest is payable on the facility at LIBOR plus 0.35% and the group facility is guaranteed by the ultimate parent company B Braun Melsungen AG.

16 Provisions for liabilities and charges

	At 1 January 2008	Profit and loss account	Utilised in period	Unwinding of discount	At 31 December 2008
	£'000	£'000	£'000	£'000	£'000
Provision for onerous leases	169	(3)	(48)	48	166
Provision for deferred tax:					
Accelerated capital allowances	712	-	(342)	-	370
Short term timing differences	(20)	-	(5)	-	(25)
	861	(3)	(395)	48	511

Onerous Leases

The company has a number of onerous leases on properties that are located in Aylesbury.

The principal assumptions made, concerning the future of the properties and the amounts that may be required to settle the obligations, taking into account expected rentals, are as follows:

- (a) all four units are expected to be sublet for the remaining lease term.
- (b) discount rates used are the average UK Gilt yield interest rates with expiry dates commensurate with the lease terms.

Deferred taxation

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

	£'000
1 January 2008	90
Deferred tax credit in profit and loss account	(218)
Deferred tax credit to the statement of total recognised gains and losses	(183)
At 31 December 2008	(311)

B Braun Medical Limited

	2008 £'000	2007 £'000
Tax effect of timing differences because of:		
Capital allowances in excess of depreciation	370	712
Other timing differences	(25)	(20)
Deferred tax liability excluding that relating to pension liability	345	692
Pension liability (note 22)	(656)	(602)
Total deferred tax asset/(liability)	(311)	90

17 Called up share capital

	Authorised		Allotted, called up and fully paid	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Ordinary shares of £1 each	9,375	9,375	9,375	9,375
Ordinary non-voting shares of £1 each	625	625	625	625
	10,000	10,000	10,000	10,000

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

18 Reserves

	Profit and loss reserve £'000
At 1 January 2008	2,631
Retained profit for the financial year (note 19)	2,685
Actuarial gain on pension scheme	(655)
Movement on deferred tax relating to pension liability	183
Current tax deductions allocated to actuarial losses	126
At 31 December 2008	4,970

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19 Reconciliation of movements in equity shareholders' funds

	2008	2007
	£'000	£'000
Retained profit for the financial year	2,685	2,115
Actuarial (loss)/gain on pension scheme (note 22)	(655)	1,699
Movement on deferred tax relating to pension liability	183	(476)
Current tax deductions allocated to actuarial losses	126	-
Net addition to shareholders' funds	2,339	3,338
Opening shareholders' funds	12,631	9,293
Closing shareholders' funds	14,970	12,631

20 Contingent liabilities

Contingent liabilities in respect of guarantees given to HMRC for VAT deferment duty amount to £125,000 (2007: £137,000). Contingent liabilities in respect of other guarantees amount to £nil (2007: £1,131).

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

21 Financial commitments

At 31 December 2008 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Other	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Within one year	-	-	328	271
Within one to two years	146	-	592	485
Within two to five years	-	146	80	150
	146	146	1,000	906

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22 Pension commitments

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

The company also operates two defined contribution schemes. One is administered by Assicurazioni Generali SpA and is closed to new members. The other, which accepts new members, is administered by Scottish Widows plc.

The total pension cost for the year was £835,000 (2007: £865,000). At the year end £nil (2007: £nil) is included in accruals.

Defined benefit scheme

A full actuarial valuation was carried out at 1 January 2006 and updated to 31 December 2008 by qualified independent actuaries. The major assumptions used by the actuary as at 31 December 2008 were:

	31 December 2008	31 December 2007
Inflation assumption	2.9%	2.9%
Rate of increase in salaries	3.8%	3.9%
Discount rate	6.3%	5.7%
Rate of increase in pensions in payment	2.8%	2.9%

The mortality assumptions used were as follows:

	2008 Years	2007 Years
Male member aged 65 (current life expectancy)	20.3	20.3
Male member aged 40 (life expectancy at age 65)	21.4	21.4

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

	Long term expected rate of return	Value as at	Long term expected rate of return	Value as at
	31 December 2008	31 December 2008	31 December 2007	31 December 2007
		£'000		£'000
Equities	7.3%	7,090	7.7%	10,109
Bonds	6.3%	1,300	4.7%	1,016
Property	7.3%	10	7.7%	48
Cash	3.8%	1,233	4.2%	776
		9,633		11,949

The following amounts at 31 December 2008 were measured in accordance with the requirements of FRS17:

Pension liability	2008	2007
	£'000	£'000
Total market value of assets	9,633	11,949
Present value of scheme liabilities	(11,978)	(14,099)
Deficit in the scheme	(2,345)	(2,150)
Related deferred tax asset	656	602
Net pension deficit	(1,689)	(1,548)

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Reconciliation of present value of scheme liabilities	2008 £'000	2007 £'000
At 1 January	14,099	15,544
Current service cost	-	227
Interest cost	795	807
Plan participants' contributions	-	112
Actuarial gains	(2,556)	(1,402)
Benefits paid	(302)	(257)
Expenses paid	(58)	(67)
Premiums paid	-	(28)
Plan curtailments	-	(837)
At 31 December	11,978	14,099

Sensitivity analysis of scheme liabilities

The sensitivity of the present value of scheme liabilities to changes in the principle assumptions used is set out below:

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%	Decrease by 18.9%
Discount rate	Decrease by 1%	Increase by 24.3%
Inflation rate	Increase by 1%	Increase by 16.1%
Inflation rate	Decrease by 1%	Decrease by 13.2%
Mortality	Increase by 1 year	Increase by 2.3%
Mortality	Decrease by 1 year	Decrease by 2.4%

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Reconciliation of present value of scheme assets	2008 £'000	2007 £'000
At 1 January	11,949	10,546
Expected return on scheme assets	806	744
Actuarial (losses)/gains on plan assets	(3,211)	297
Employer contributions	449	602
Member contributions	-	112
Benefits paid from plan	(302)	(257)
Expenses paid	(58)	(67)
Premiums paid	-	(28)
At 31 December	9,633	11,949

Scheme assets do not include any of the financial assets of B Braun Medical Limited or any property occupied by B Braun Medical Limited.

The expected return on scheme assets is determined by considering the asset classes held and assuming rates of return consistent with current yields as well as long term equity out-performance over gilts of 3.5% per annum. A deduction of 0.5% per annum has also been made to the total rate of return to allow for administrative expenses.

The actual return on scheme assets in the year was £(2,405,000) (2007: £1,041,000).

The following amounts are recognised in the performance statements in the year to 31 December 2008 under the requirements of FRS17:

	2008 £'000	2007 £'000
Operating profit		
Current service cost	-	227
Curtailment gain	-	837
Other finance costs		
Expected return on pension scheme assets	(806)	(744)
Interest on pension scheme liabilities	795	807
Net (credit)/cost	(11)	63

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Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £402,000.

Actuarial valuation

The defined benefit scheme was closed to new members on 1 July 1999 and closed to future accrual on 30 September 2007. Closure of the scheme to future accrual led to a curtailment gain of £nil in 2008 (2007: £837,000). The total contribution expected to be made to the scheme by B Braun Medical Limited in the year to 31 December 2009 is £412,000.

History of experience gains and losses	2008	2007	2006	2005	2004
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	11,978	14,099	15,544	14,674	11,318
Fair value of plan assets	9,633	11,949	10,546	9,454	7,717
Deficit/(surplus)	2,345	2,150	4,998	5,220	3,601
Difference between the expected and actual return on plan assets:					
Amount	3,211	(297)	(515)	(998)	(163)
Percentage of plan assets	33%	(2%)	(5%)	(11%)	(2%)
Experience (gain)/loss on plan liabilities:					
Amount	-	(305)	-	-	36
Percentage of present value of plan assets	-	(2%)	-	-	0%

Defined contribution scheme

The cost of contributions to the defined contribution scheme amounted to £386,000 (2007: £263,000). At the year end £nil (2007: £nil) is included in accruals.

23 Ultimate parent company

The directors regard B Braun Melsungen AG, a company registered in Germany, as the ultimate parent company and controlling party. According to the register kept by the Company, B Braun Melsungen AG has a 50% interest in the equity of B Braun Medical Limited at 31 December 2008 and Aesculap International GmbH, a company registered in Germany, has the remaining 50% interest. Copies of the parent's consolidated financial statements may be obtained from PO Box 110, D3508 Melsungen, Germany.