

**Fresenius Medical Care Renal Services  
(UK) Limited**

**Directors' report and financial  
statements**

Registered number 03353201

31 December 2009

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## **Directors' report**

The directors of Fresenius Medical Care Renal Services (UK) Limited present their annual report and the audited financial statements for the year ended 31 December 2009.

### **Principal activities**

The company's principal activity is to provide dialysis services. A full dialysis treatment service is provided to a number of Health Trusts in the UK.

### **Business review**

The company has continued to expand its services of renal dialysis in 2009. There were 7 new centres opened across the UK, with a growth in patient numbers of 11%.

Contracts have been won in 2009 that will mean the opening of 4 new sites in 2010 bringing the total number of centres operated by Fresenius Medical Care to 56.

The key KPI's used in the business are the development of patient numbers and the ratio between nursing costs and patient treatments.

There is a continued commitment to investment in new dialysis centres over the next few years.

The key challenge facing the business is the efficient retention of qualified renal nurses.

### **Results and dividends**

The company made a loss on ordinary activities after taxation for the year of £131,000 (2008: profit of £1,163,000). The directors do not recommend the payment of a dividend (2008: £nil).

### **Directors**

The directors of the company who served during the year and at the date of this report were as follows:

P O'Brien  
C Houghton  
N Richards

Fresenius Medical Care SE provided qualifying indemnity insurance to the directors of the company during the financial year and at the date of this report.


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

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and that they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

  
S Mahoney  
Company Secretary

Nunn Brook Road  
Huthwaite  
Nottinghamshire  
NG17 2HU

3 August 2010

## **Statement of Directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Independent auditors' report to the members of Fresenius Medical Care Renal Services (UK) Limited**

We have audited the financial statements of Fresenius Medical Care Renal Services (UK) Limited for the year ended 31 December 2009 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with UK 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

**CN Parkin** (*Senior Statutory Auditor*)

*for and on behalf of KPMG LLP, Statutory Auditor*  
*Chartered Accountants*  
St Nicholas House  
Park Row  
Nottingham NG1 6FQ

Dated: 3 August 2010

**Profit and loss account**  
*for the year ended 31 December 2009*

	<i>Note</i>	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>
<b>Turnover</b>	2	<b>9,834</b>	8,281
Cost of providing services		<b>(9,998)</b>	(6,660)
<b>Gross and operating (loss)/profit</b>		<b>(164)</b>	1,621
<b>(Loss)/profit on ordinary activities before taxation</b>	5	<b>(164)</b>	1,621
Tax on (loss)/profit on ordinary activities	6	<b>33</b>	(458)
<b>(Loss)/profit for the financial year</b>	11	<b>(131)</b>	1,163

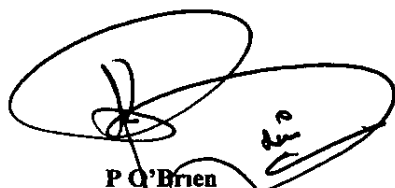
In both the current and preceding year, the company made no material acquisitions and had no discontinued activities

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account

**Balance sheet**  
*as at 31 December 2009*

	<i>Note</i>	2009 £000	£000	2008 £000	£000
<b>Current assets</b>					
Debtors	7	5,208		3,345	
Creditors: amounts falling due within one year	8	(514)		(1,507)	
<b>Net current assets</b>			<u>4,694</u>		<u>1,838</u>
<b>Total assets less current liabilities</b>			4,694		1,838
Creditors: amounts falling due after more than one year	9		(2,987)		-
<b>Net assets</b>			<u>1,707</u>		<u>1,838</u>
<b>Capital and reserves</b>					
Called up share capital	10		1,858		1,858
Profit and loss account	11		(151)		(20)
<b>Shareholder's funds</b>	12		<u>1,707</u>		<u>1,838</u>

These financial statements were approved by the board of directors on 3 August 2010 and were signed on their behalf by



**P O'Brien**  
*Director*

Registered number 03353201

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

#### ***Cash flow statement***

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking

#### ***Pensions and other post-retirement benefits***

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company participates in a funded defined benefit pension plan for its employees as part of the Fresenius Medical Care Pension Plan ('the Plan').

This is a multi-employer scheme, contributions into which are made by companies within the Fresenius Medical Care (Holdings) Limited group. The group has fully adopted FRS 17 'Retirement Benefits'. Since the company is unable to identify its share of underlying assets within the scheme on a consistent and reasonable basis it has taken advantage of the exemption contained within paragraph 9(b) of FRS 17 and accounts for contributions to the scheme as though it were a defined contribution scheme.

#### ***Taxation***

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing difference between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Classification of financial instruments issued by the company***

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholder's funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholder's funds.



**Notes (continued)**

**1 Accounting policies (continued)**

***Dividends on shares presented within shareholder's funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

**2 Turnover**

Turnover represents the invoiced amount for dialysis services provided to customers and is derived from activities in the United Kingdom. Revenue is recognised when the risks and rewards associated with the provision of treatments has substantially transferred, in accordance with the contract with the respective healthcare body.

**3 Directors' remuneration**

	2009 £000	2008 £000
Directors' emoluments	-	-
	<u>          </u>	<u>          </u>

No retirement benefits are accruing under a defined benefit scheme to the directors (2008 none)

**4 Staff numbers and costs**

The average number of employees, including executive directors, during the year was as follows

	2009 Number	2008 Number
Administration	18	12
Sales and distribution	279	232
	<u>          </u>	<u>          </u>
	297	244
	<u>          </u>	<u>          </u>
	2009 £000	2008 £000
Wages and salaries	7,420	5,998
Social security costs	740	590
Other pension costs (see note 13)	99	72
	<u>          </u>	<u>          </u>
	8,259	6,660
	<u>          </u>	<u>          </u>

**Notes (continued)**

**5 (Loss)/profit on ordinary activities before taxation**

	2009 £000	2008 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
<i>Auditors' remuneration</i>		
- audit of these financial statements	4	1
	<u>4</u>	<u>1</u>

**6 Tax on loss/ profit on ordinary activities**

	2009 £000	2008 £000
UK corporation tax at 28% (2008 28.5%)	(47)	459
Adjustment in respect of prior years	14	-
	<u>(33)</u>	<u>459</u>
Total current tax	(33)	459
<i>Deferred tax</i>		
Other timing differences	-	(1)
	<u>(33)</u>	<u>458</u>

**Factors affecting the tax charge for the current year**

The current tax charge for the year is higher (2008 higher) than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009 £000	2008 £000
<i>Current tax reconciliation</i>		
(Loss)/ profit on ordinary activities before tax	(164)	1,621
	<u>(164)</u>	<u>1,621</u>
Current tax at 28% (2008 28%)	(46)	454
<i>Effect of</i>		
Other timing differences	(1)	(3)
Change in tax rate from 30% to 28%	-	8
Adjustment in respect of prior years	14	-
	<u>(33)</u>	<u>459</u>
Total current tax charge	(33)	459

**Notes (continued)**

**7 Debtors**

	2009 £000	2008 £000
Trade debtors	1,983	2,435
Prepayments and accrued income	14	-
Amounts owing from group undertakings	3,210	909
Deferred tax asset	1	1
	5,208	3,345
	5,208	3,345

**Deferred tax asset**

	2009 £000	2008 £000
<i>The balance relates to deferred tax on</i>		
Other timing differences	1	1
	1	1
	1	1

**Movement**

At beginning of year	1	-
Credit/(debit) to profit and loss account	-	1
	1	1
At end of year	1	1

**8 Creditors: amounts falling due within one year**

	2009 £000	2008 £000
Amounts owed to group undertakings	94	1,233
Other creditors including taxation and social security	217	182
Corporation tax	203	92
	514	1,507
	514	1,507

**9 Creditors: amounts falling due after more than one year**

	2009 £000	2008 £000
Amounts owed to group undertakings	2,987	-
	2,987	-
	2,987	-

**Notes (continued)**

**10 Called up share capital**

	2009 £000	2008 £000
<i>Authorised, allotted, called up and fully paid</i>		
910,305 'A' ordinary shares of £1 each	910	910
947,460 'B' ordinary shares of £1 each	948	948
	1,858	1,858

Both classes of shares rank pari passu.

**11 Reserves**

	<b>Profit and loss account £000</b>
At 1 January 2009	(20)
Loss for the year	(131)
	(151)

**12 Reconciliation of movements in shareholder's funds**

	2009 £000	2008 £000
(Loss)/profit for the financial year	(131)	1,163
Net (reduction in)/addition to shareholder's funds	(131)	1,163
Opening shareholder's funds	1,838	675
	1,707	1,838

**13 Pension scheme**

The Company participates in a funded defined benefit pension plan for its employees as part of the Fresenius Medical Care Pension Plan ('the Plan')

This is a multi-employer scheme, contributions into which are made by companies within the Fresenius Medical Care (Holdings) Limited group

Contributions to the Plan during the year totalled £25,000 (2008 £32,000) There were no outstanding or prepaid contributions at the balance sheet date

Further information regarding the Plan is given in the consolidated financial statements of Fresenius Medical Care (Holdings) Limited. This shows the Plan was in deficit at 31 December 2009 by £2,349,000 (2008 £1,325,000)

The company also operates a defined contribution pension scheme The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £73,000 (2008 £40,000)

Contributions amounting to £6,500 (2008. £2,800) were payable to the scheme and are included in creditors

**Notes** *(continued)*

**14 Related party transactions**

As the company is a wholly owned subsidiary of Fresenius Medical Care SE the company has taken advantage of the exemption contained within FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Fresenius Medical Care SE, within which this company is included, can be obtained from the address given in note 15.

**15 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a wholly owned subsidiary of Fresenius Medical Care (Holdings) Limited, a company incorporated in Great Britain, whose ultimate parent company is Fresenius SE which is incorporated in Germany and is regarded as the controlling party.

The smallest group of companies which publishes consolidated financial statements and of which the company is a member is Fresenius Medical Care (Holdings) Limited. The consolidated financial statements of this company are available to the public and may be obtained from Fresenius Medical Care (Holdings) Limited, Nunn Brook Road, Huthwaite, Nottinghamshire, NG17 2HU

The largest group of companies which publishes consolidated financial statements and of which the company is a member is Fresenius SE. The consolidated financial statements of this company can be obtained from Fresenius SE, Else-Kröner Strasse 1, D-61352 Bad Homburg, Germany