

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

**Director's report and financial  
statements**

**Registered number 03353201**

**31 December 2005**



## **Contents**

Director's report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	2
Independent auditors' report to the members of Fresenius Medical Care Renal Services (UK) Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

## **Director's report**

The director of Fresenius Medical Care Renal Services (UK) Limited presents his annual report and the audited financial statements for the year ended 31 December 2005.

### **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 made a loss on ordinary activities after taxation for the year of £159,000 (2004: loss of £95,000). No dividend has been proposed or paid (2004: £nil).

### **Director and director's interests**

The director of the company who served during the year ended 31 December 2005 was as follows:

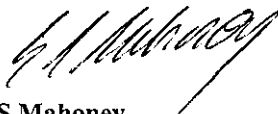
P O'Brien

The director had no beneficial interest in the shares of the company at any time during the year which requires notification under section 324(2) of the Companies Act 1985.

### **Auditors**

A resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
**S Mahoney**  
Company Secretary

Nunn Brook Road  
Huthwaite  
Nottinghamshire  
NG17 2HU

30 January 2006

## **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.

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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

St Nicholas House  
Park Row  
Nottingham NG1 6FQ

**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 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor's 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 described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

*KPMG LLP*

30 January 2006

*Chartered Accountants  
Registered Auditor*

**Profit and loss account**  
*for the year ended 31 December 2005*

	<i>Note</i>	2005 £000	2004 £000
Turnover	2	2,768	1,934
Cost of providing services		(2,990)	(2,067)
<b>Gross loss</b>		<u>(222)</u>	<u>(133)</u>
Administrative expenses		-	-
<b>Operating loss</b>		<u>(222)</u>	<u>(133)</u>
Other interest receivable and similar income		-	-
Interest payable and similar charges	5	-	(2)
<b>Loss on ordinary activities before taxation</b>	6	<u>(222)</u>	<u>(135)</u>
Tax on loss on ordinary activities	7	63	40
<b>Loss for the financial year</b>	11	<u><u>(159)</u></u>	<u><u>(95)</u></u>

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

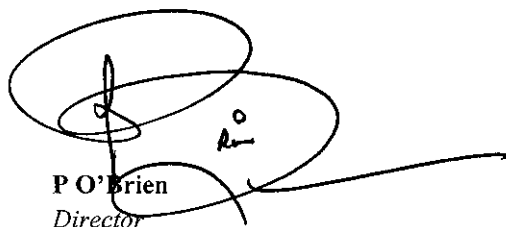
There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

## Balance sheet

as at 31 December 2005

	Note	2005		2004	
		£000	£000	£000	£000
<b>Current assets</b>					
Debtors - amounts due within one year		511		388	
- amounts due after more than one year		1,584		1,048	
	8	<u>2,095</u>		<u>1,436</u>	
		2,095		1,436	
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,144)</u>		<u>(326)</u>	
<b>Net current assets</b>			<u>951</u>		1,110
<b>Net assets</b>			<u>951</u>		<u>1,110</u>
<b>Capital and reserves</b>					
Called up share capital	10		1,858		1,858
Profit and loss account	11		(907)		(748)
<b>Equity shareholders' funds</b>	12		<u>951</u>		<u>1,110</u>

These financial statements were approved by the director on 30 January 2006


  
**P O'Brien**  
 Director

## 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 Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking.

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

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. During the year 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.

#### *Deferred taxation*

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.

### 2 Turnover

Turnover represents the invoiced amount for dialysis services provided to customers and is derived from activities in the United Kingdom.

### 3 Director's remuneration

	2005 £000	2004 £000
Director's emoluments	-	-

Retirement benefits are accruing under a defined benefit scheme to no directors (2004: none).



**Notes (continued)**

**4 Staff numbers and costs**

The average number of persons employed by the company (including the director) during the year was 140 (2004: 91).

	2005 £000	2004 £000
Wages and salaries	2,683	1,853
Social security costs	262	176
Other pension costs (see note 13)	45	29
	2,990	2,058
	2,990	2,058

**5 Interest payable and similar charges**

	2005 £000	2004 £000
Group interest payable	-	2
	-	2
	-	2

**6 Loss on ordinary activities before taxation**

	2005 £000	2004 £000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration - audit services	1	1
	1	1
	1	1

**7 Tax on loss on ordinary activities**

	2005 £000	2004 £000
UK corporation tax at 30% (2004: 30%)	(66)	(40)
Adjustment in respect of prior years	4	-
	(62)	(40)
Total current tax	(62)	(40)
<i>Deferred tax</i>		
Current year movement	(1)	-
	(63)	(40)
	(63)	(40)

**Notes (continued)**

**7 Tax on loss on ordinary activities (continued)**

*Factors affecting the tax charge for the current year*

The current tax charge for the year is higher than (2004: the same as) the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are explained below:

	2005 £000	2004 £000
<i>Current tax reconciliation:</i>		
Loss on ordinary activities before tax	(222)	(135)
	<hr/>	<hr/>
Current tax at 30% (2004: 30%)	(66)	(40)
Adjustment in respect of prior years	4	-
	<hr/>	<hr/>
Total current tax credit	(62)	(40)
	<hr/> <hr/>	<hr/> <hr/>

*Deferred tax asset*

	2005 £000	2004 £000
<i>The balance relates to deferred tax on:</i>		
Other timing differences	1	-
	<hr/>	<hr/>
	£000	£000
<i>Movement:</i>		
At beginning of year	-	-
Credit to profit and loss account	1	-
	<hr/>	<hr/>
At end of year	1	-
	<hr/> <hr/>	<hr/> <hr/>

**8 Debtors**

	2005		2004	
	Due within one year £000	Due after one year £000	Due within one year £000	Due after one year £000
Trade debtors	510	-	388	-
Amounts owed by group undertakings	-	1,584	-	1,048
Deferred tax asset (see note 7)	1	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	511	1,584	388	1,048
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes (continued)**

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

	2005 £000	2004 £000
Amounts owed to group undertakings	1,046	208
Corporation tax	-	-
Other creditors including taxation and social security	98	118
	1,144	326
	1,144	326

**10 Called up share capital**

	2005 £000	2004 £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
	1,858	1,858

**11 Reserves**

	<b>Profit and loss account £000</b>
At 1 January 2005	(748)
Loss for the year	(159)
	(907)
	(907)

**12 Reconciliation of movement in equity shareholders' funds**

	2005 £000	2004 £000
Loss for the financial year	(159)	(95)
Net reduction in to equity shareholders' funds	(159)	(95)
Opening equity shareholders' funds	1,110	1,205
	951	1,110
	951	1,110

## **Notes (continued)**

### **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. During the year 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 has accounted for contributions to the scheme as though it were a defined contribution scheme.

Contributions to the Plan during the year totalled £27,000 (2004: £29,000). 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 2005 by £1,644,000 (2004: £1,033,000).

### **14 Related party transactions**

As the company is a wholly owned subsidiary of Fresenius Medical Care AG the company has taken advantage of the exemption contained within Financial Reporting Standard Number 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 AG, 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 AG 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 Fresenius AG group financial statements can be obtained from Fresenius AG, Else-Kröner Strasse 1, D-61352 Bad Homburg, Germany.