

Total Renal Care (UK) Limited

**Director's report and financial
statements**

Registered number 3353201

31 December 2001



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Director's report

The director of Total Renal Care (UK) Limited presents his annual report and the audited financial statements for the year ended 31 December 2001.

Principal activity, review of the business and future prospects

The principal activity of the company is the provision of dialysis and related services to certain UK Health Authorities and Trusts.

The company ceased to trade on the 31 January 2001.

On 1 January 2001 the company's trade and assets were transferred to Fresenius Medical Care Renal Services Limited, a company incorporated in Great Britain, whose parent undertaking is also Fresenius Medical Care Holdings Limited, a company incorporated in Great Britain. The directors felt that the businesses were sufficiently similar that it would be more beneficial to operate as one combined entity. The transfer of assets was effected at net book value which the directors do not consider to be significantly different to fair value at the time of the transfer.

Results and dividends

The company made a profit on ordinary activities after taxation for the year of £nil (2000: loss of £603,000). No dividend has been proposed or paid (2000: £nil).

Director and director's interests

The director of the company who served during the year ended 31 December 2001 was as follows:

P O'Brien

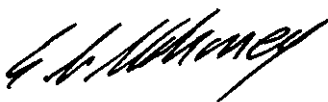
The director had no beneficial interest in the shares of the company at any time during the year which requires notification under Section 324(2) of the Companies Act 1985.

The director's interests in the ultimate parent company are shown in that company's financial statements.

Auditors

KPMG were re-appointed auditors at the Annual General Meeting. However, since that date their business has been transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 27 May 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising. 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

13 August 2002

Statement of director's responsibilities

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the director is required to:

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



St Nicholas House
Park Row
Nottingham
NG1 6FQ

Independent auditors' report to the members of Total Renal Care (UK) Limited

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of the director and auditors

The director is responsible for preparing the director's report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 director's 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 director's remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the director 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 of the state of the company's affairs as at 31 December 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

13 August 2002

*Chartered Accountants
Registered Auditor*

Profit and loss account

for the year ended 31 December 2001

	<i>Note</i>	Year to 31 December 2001 £000	13 months to 31 December 2000 £000
Turnover	2	-	3,416
Cost of sales		-	(1,012)
		<hr/>	<hr/>
Gross profit		-	2,404
Administrative expenses		-	(2,946)
		<hr/>	<hr/>
Operating profit/(loss)		-	(542)
Other interest receivable and similar income		-	20
Interest payable and similar charges	3	-	(130)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	6	-	(652)
Tax on loss on ordinary activities	7	-	49
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation and for the period	16	-	(603)
		<hr/>	<hr/>

In both the current year and preceding period, the company made no material acquisitions.

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

Balance sheet

as at 31 December 2001

	Note	£000	2001 £000	£000	2000 £000
Fixed assets					
Tangible assets	8		-		3,326
Investments	9		-		-
			<hr/>		<hr/>
			-		3,326
Current assets					
Stocks	10	-		24	
Debtors	11	1,195		686	
Cash at bank and in hand		-		192	
		<hr/>		<hr/>	
		1,195		902	
Creditors: amounts falling due within one year	12	-		(325)	
		<hr/>		<hr/>	
Net current assets			1,195		577
Total assets less current liabilities			<hr/> 1,195		<hr/> 3,903
Creditors: amounts falling due after more than one year	13	-			(2,683)
Provisions for liabilities and charges	14	-			(25)
			<hr/>		<hr/>
Net assets			1,195		1,195
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		1,858		1,858
Profit and loss account	16		(663)		(663)
			<hr/>		<hr/>
Equity shareholders' funds	17		1,195		1,195
			<hr/>		<hr/>

These financial statements were approved by the director on 13 August 2002.


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.

Exemption from the requirement to prepare group financial statements

The ultimate holding company is Fresenius AG, a company incorporated in Germany. The UK group of companies is consolidated in the parent company's financial statements and the parent company's financial statements are drawn up in accordance with the EEC Seventh Directive and audited by KPMG Deutsche Treuhand-Gesellschaft, Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft.

As such the company has, as permitted by Section 228 of the Companies Act 1985, exercised its rights not to prepare and deliver group financial statements and the information presented in these financial statements relates solely to the company as an individual undertaking.

Depreciation

The cost of fixed assets is written off by equal instalments over their expected useful lives as follows:

Leasehold improvements	7 to 25 years
Fixtures, fittings and equipment	5 to 10 years

Deferred taxation

Deferred taxation is provided at expected rates of reversal in respect of timing differences between profits as computed for taxation purposes and profits as stated in the financial statements, where it is probable that tax liabilities or assets will crystallise within the foreseeable future.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

2 Turnover

Turnover comprises the invoice value of services supplied by the company, excluding Value Added Tax. All services have been carried out in the United Kingdom and relate to the principal activities of the company.

Notes (continued)

3 Interest payable and similar charges

	Year to 31 Dec 01 £000	13 months to 31 Dec 00 £000
7% loan note interest payable	-	49
Interest on amounts due to group undertakings	-	81
	<u>-</u>	<u>130</u>

4 Director's remuneration

The director of the company does not receive any emoluments for his services. Emoluments received in respect of services provided to other group companies are disclosed in those individual companies' financial statements.

5 Staff numbers and costs

The average number of persons employed by the company (including the director) during the year was nil (2000: 75).

	Year to 31 Dec 01 £000	13 months to 31 Dec 00 £000
Wages and salaries	-	1,283
Social security costs	-	154
Other pension costs	-	34
	<u>-</u>	<u>1,471</u>

6 Profit/(loss) on ordinary activities before taxation

	Year to 31 Dec 01 £000	13 months to 31 Dec 00 £000
<i>Profit/(loss) is stated after charging:</i>		
Depreciation on tangible fixed assets	-	325
Loss on disposal of fixed assets	-	217
Auditors' remuneration - audit services (the cost has been met by another group company)	-	8
Operating lease charges - hire of plant and machinery	-	-
- other	-	286
	<u>-</u>	<u>286</u>

7 Tax on loss on ordinary activities

	Year to 31 Dec 01 £000	13 months to 31 Dec 00 £000
United Kingdom corporation tax provided at 30% (2000: 30%)	-	(49)
	<u>-</u>	<u>(49)</u>

Notes (continued)

8 Tangible fixed assets

	Leasehold Improve- ments £000	Fixtures and fittings £000	Capital work in progress £000	Total £000
<i>Cost:</i>				
At 1 January 2001	2,527	2,041	-	4,568
Transfers to another group company	(2,527)	(2,041)	-	(4,568)
At 31 December 2001	-	-	-	-
<i>Accumulated depreciation:</i>				
At 1 January 2001	356	886	-	1,242
Transfer to another group company	(356)	(886)	-	(1,242)
At 31 December 2001	-	-	-	-
<i>Net book value:</i>				
At 31 December 2001	-	-	-	-
At 31 December 2000	2,171	1,155	-	3,326

9 Investment in subsidiary undertakings

	Shares in subsidiary undertakings £
At 1 January 2001 and 31 December 2001	331

The company's subsidiary, Total Renal Care (Denham) Limited, was incorporated on 29 May 1999. It is 100% directly owned by the company and is registered in England and Wales and the company became dormant on 31 January 2001.

10 Stocks

	2001 £000	2000 £000
Goods held for resale	-	24

Notes (continued)

11 Debtors

	2001 £000	2000 £000
Trade debtors	-	625
Amount owed by subsidiary undertaking	1,195	-
Corporation tax	-	33
Prepayments and accrued income	-	28
	<u>1,195</u>	<u>686</u>

12 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Trade creditors	-	203
Amounts due to group undertakings	-	90
Corporation tax	-	-
Other taxes and social security	-	32
	<u>-</u>	<u>325</u>

13 Creditors: amounts falling due after more than one year

	2001 £000	2000 £000
Amounts due to group undertakings	-	2,683
	<u>-</u>	<u>2,683</u>

14 Provisions for liabilities and charges

Deferred taxation

Deferred taxation is in respect of timing differences resulting from accelerated capital allowances less unrelieved tax losses as follows:

	2001 £000	2000 £000
Opening balance	25	25
Transferred	(25)	-
Closing balance	<u>-</u>	<u>25</u>

Notes (continued)

15 Called up share capital

	2001 £000	2000 £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
	<u>1,858</u>	<u>1,858</u>

The 'A' and 'B' shares rank pari passu in all respects.

16 Profit and loss account

	Year to 31 Dec 01 £000	13 months to 31 Dec 00 £000
At beginning of the period	(663)	(60)
Profit/(Loss) for the period	-	(603)
At end of the period	<u>(663)</u>	<u>(663)</u>

17 Reconciliation of movement in shareholders' funds

	2001 £000	2000 £000
Profit/(loss) for the financial year	-	(603)
Net addition to/(reduction in) shareholders' funds	-	(603)
Opening shareholders' funds	1,195	1,798
Closing shareholders' funds	<u>1,195</u>	<u>1,195</u>

18 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2001 £000	2000 £000
Buildings		
<i>Operating leases which expire:</i>		
Over five years	-	286

Notes *(continued)*

19 Pension commitments

Up until 31 December 2000, the company participated in the Priory Healthcare defined contribution pension scheme for its employees. The assets of this scheme are held separately from those of the company in an independently administered fund. The company's contribution for 2000 was £34,000.

From 1 January 2001, the Company operates a funded defined benefit pension plan for its employees as part of the Fresenius Medical Care Pension Plan ('the Plan').

The accounting policy is to provide for pension liabilities on a systematic basis over the period of employment of pension plan members. The funding policy is similar, although the incidence of contributions and pension costs may not be exactly the same.

The pension costs and provision have been assessed in accordance with advice received from the actuary to the pension plan on the basis of an actuarial review of the financial status of the Plan carried out as at 1 April 2000. The pension costs were assessed using the projected unit actuarial costing method based on assumptions including a long-term rate of investment return on assets of 6.5% per annum compound, increases in members' pensionable salaries of 4.5%, pension increases at 2.5% per annum compound (with the exception of members' GMPs which are increased in accordance with statutory requirements) and an allowance for mortality and members leaving service.

The actuarial valuation as at 1 April 2000 concluded that the Plan is 140% funded at the valuation date using the Minimum Funding Requirement prescribed assumptions and methodology, and that on the assumption that the Plan continues, the assets of the Plan at the valuation date were 13% higher than the accrued liabilities based on projected final pensionable salaries. The actuaries did not recommend any variation from the regular contribution level.

20 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 21.

21 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 which is regarded as the controlling party.

Fresenius Medical Care (Holdings) Limited does not prepare group financial statements and the consolidated financial statements for the smallest group of which the company is a member, are those prepared for Fresenius Medical Care AG. These group financial statements can be obtained from Fresenius AG, Else-Kröner Strasse 1, D-61352 Bad Homburg, Germany.