

**Total Renal Care (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 3353201**

**31 December 2000**



## **Directors' report and financial statements**

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## **Directors' report**

The directors of Total Renal Care (UK) Limited present their annual report and the audited financial statements for the 13 month period ended 31 December 2000.

### **Change of accounting date**

Following its acquisition on 1 May 2000, the company has changed its accounting reference date to 31 December to make it coterminous with that of the Fresenius Medical Care AG group.

### **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.

### **Results and dividends**

The company made a loss on ordinary activities after taxation for the year of £603,000 (30 Nov 99: loss of £46,000). No dividend has been proposed or paid (1999: £nil) and the loss for the year has been transferred to reserves.

### **Directors and directors' interests**

The directors of the company who served during the 13 months ended 31 December 2000 were as follows:

BC Cosgrove	- resigned 4 April 2000
R Whitney	- appointed 30 March 2000 and resigned 19 June 2000
SJ Udicious	- appointed 4 April 2000 and resigned 19 June 2000
PH Easterman	- resigned 19 June 2000
CJ Sandham	- resigned 19 June 2000
P O'Brien	- appointed 19 June 2000

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

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

### **Auditors**

Messrs Deloitte & Touche resigned as auditors during the period and KPMG were appointed in their place. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



.....  
duly authorised for and on behalf of  
Willoughby Corporate Secretarial Limited  
~~Freeth Cartwright~~  
Company Secretary

Nunn Brook Road  
Huthwaite  
Nottinghamshire NG17 2HU

23 March 2001

## **Statement of directors' responsibilities**

Company law requires the directors 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 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 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 directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.



St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

## **Report of the auditors to the members of Total Renal Care (UK) Limited**

We have audited the financial statements on pages 4 to 13.

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

The directors are responsible for preparing the directors' 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. 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 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 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 of the state of the company's affairs as at 31 December 2000 and of its loss for the 13 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

23 March 2001

*Chartered Accountants  
Registered Auditors*

**Profit and loss account**  
*for the period ended 31 December 2000*

	Note	13 months to 31 December 2000 £000	Year to 30 November 1999 £000
Turnover	2	3,416	2,644
Cost of sales		(1,012)	(1,815)
<b>Gross profit</b>		<b>2,404</b>	<b>829</b>
Administrative expenses		(2,946)	(845)
<b>Operating loss</b>		<b>(542)</b>	<b>(16)</b>
Other interest receivable and similar income		20	4
Interest payable and similar charges	3	(130)	(28)
<b>Loss on ordinary activities before taxation</b>	6	<b>(652)</b>	<b>(40)</b>
Tax on loss on ordinary activities	7	49	(6)
<b>Loss on ordinary activities after taxation and for the period</b>	16	<b>(603)</b>	<b>(46)</b>

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

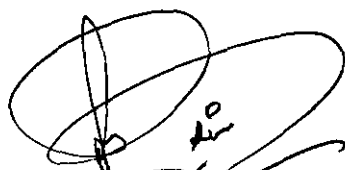
There were no recognised gains or losses in either the current period or preceding year other than those disclosed in the profit and loss account

## Balance sheet

as at 31 December 2000

	Note	31 December 2000		30 November 1999	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	8		3,326		2,555
Investments	9		-		-
			<u>3,326</u>		<u>2,555</u>
<b>Current assets</b>					
Stocks	10	24		77	
Debtors	11	686		572	
Cash at bank and in hand		192		144	
		<u>902</u>		<u>793</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(325)</u>		<u>(747)</u>	
<b>Net current assets</b>			577		46
<b>Total assets less current liabilities</b>			<u>3,903</u>		<u>2,601</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(2,683)		(778)	
<b>Provisions for liabilities and charges</b>	14	(25)		(25)	
<b>Net assets</b>			<u>1,195</u>		<u>1,798</u>
<b>Capital and reserves</b>					
Called up share capital	15		1,858		1,858
Profit and loss account	16		(663)		(60)
<b>Equity shareholders' funds</b>	17		<u>1,195</u>		<u>1,798</u>

These financial statements were approved by the board of directors on 23 March 2001 and were signed on its behalf by:

  
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

#### ***Capital work in progress***

Capital work in progress comprises expenditure on capital projects in the course of construction. On completion, each project is capitalised and depreciated in accordance with the company's depreciation policies.

#### ***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.



## Notes (continued)

### 1 Accounting policies (continued)

#### *Pensions*

The company operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

The pension costs charged against profits are based on an actuarial method and actuarial assumptions designed to spread the anticipated pension costs over the service lives of employees in the scheme. This method seeks to ensure that the regular pension cost represents a level percentage of the current and expected future pensionable salary costs, based on current actuarial assumptions. Variations from regular costs are spread over the average remaining service lives of current employees in the pension scheme.

#### *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.

### 3 Interest payable and similar charges

	13 months to 31 Dec 00 £000	Year to 30 Nov 99 £000
7% loan note interest payable	49	28
Interest on amounts due to group undertakings	81	-
	<u>130</u>	<u>28</u>

### 4 Remuneration of directors

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

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period was 75 (1999: 70).

	13 months to 31 Dec 00 £000	Year to 30 Nov 99 £000
Wages and salaries	1,283	998
Social security costs	154	82
Other pension costs	34	19
	<u>1,471</u>	<u>1,099</u>

### 6 Loss on ordinary activities before taxation

	13 months to 31 Dec 00 £000	Year to 30 Nov 99 £000
<i>Loss is stated after charging:</i>		
Depreciation on tangible fixed assets	325	243
Loss on disposal of fixed assets	217	-
Auditors' remuneration - audit services	8	5
Operating lease charges - hire of plant and machinery	-	9
- other	286	286
	<u>286</u>	<u>286</u>

### 7 Tax on loss on ordinary activities

	13 months to 31 Dec 00 £000	Year to 30 Nov 99 £000
United Kingdom corporation tax provided at 30% (1999: 30.33%)	(49)	2
Deferred taxation	-	4
	<u>(49)</u>	<u>6</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 December 1999	1,447	1,500	524	3,471
Additions	600	541	173	1,314
Transfers	480	-	(480)	-
Disposals	-	-	(217)	(217)
At 31 December 2000	2,527	2,041	-	4,568
<i>Accumulated depreciation:</i>				
At 1 December 1999	229	688	-	917
Charge for the period	127	198	-	325
Disposals	-	-	-	-
At 31 December 2000	356	886	-	1,242
<i>Net book value:</i>				
At 31 December 2000	2,171	1,155	-	3,326
At 30 November 1999	1,218	812	524	2,555

### 9 Investment in subsidiary undertakings

	Shares in subsidiary undertakings £
At 1 December 1999 and 31 December 2000	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. Its principal activities are the leasing of capital equipment and property related transactions.

### 10 Stocks

	31 Dec 00 £000	30 Nov 99 £000
Goods held for resale	24	77

## Notes (continued)

### 11 Debtors

	31 Dec 00 £000	30 Nov 99 £000
Trade debtors	625	533
Amount owed by subsidiary undertaking	-	2
Corporation tax	33	-
Prepayments and accrued income	28	37
	<u>686</u>	<u>572</u>

### 12 Creditors: amounts falling due within one year

	31 Dec 00 £000	30 Nov 99 £000
Trade creditors	203	664
Amounts due to group undertakings	90	54
Corporation tax	-	2
Other taxes and social security	32	26
	<u>325</u>	<u>747</u>

### 13 Creditors: amounts falling due after more than one year

	31 Dec 00 £000	30 Nov 99 £000
7% loan notes	-	778
Amounts due to group undertakings	2,683	-
	<u>2,683</u>	<u>778</u>

On 19 June 2000, as part of the terms of sale agreement with Fresenius Medical Care AG, the loan notes were repaid and replaced with inter-company debt.

## Notes (continued)

### 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:

	31 Dec 00 £000	30 Nov 99 £000
Opening balance	25	21
Current period charges	-	4
Closing balance	<u>25</u>	<u>25</u>

### 15 Called up share capital

	31 Dec 00 £000	30 Nov 99 £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

	13 months to 31 Dec 00 £000	Year to 30 Nov 99 £000
At beginning of the period	(60)	(14)
Loss for the period	(603)	(46)
At end of the period	<u>(663)</u>	<u>(60)</u>

### 17 Reconciliation of movement in shareholders' funds

	31 Dec 00 £000	30 Nov 99 £000
Loss for the financial year	(603)	(46)
Net reduction in shareholders' funds	(603)	(46)
Opening shareholders' funds	1,798	1,844
Closing shareholders' funds	<u>1,195</u>	<u>1,798</u>

## Notes (continued)

### 18 Financial commitments

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

	2000	1999
	£000	£000
<b>Buildings</b>		
<i>Operating leases which expire:</i>		
Over five years	286	286

### 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 (1999: £19,000).

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.

**Notes** *(continued)*

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

The company is a subsidiary undertaking of Fresenius Medical Care AG, Germany. It is controlled by its board of directors.

The smallest and largest group of companies which publishes consolidated financial statements and of which this company is a member is Fresenius Medical Care AG incorporated in Germany.

The consolidated financial statements of this company are available to the public and may be obtained from Fresenius AG, Else-Kröner Strasse 1, D-61352 Bad Homburg, Germany.