

NXSTAGE MEDICAL UK, LTD.
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NXSTAGE MEDICAL UK, LTD.

COMPANY INFORMATION

Directors

J. H. Burbank
W. J. Valle

Registered number

07857151

Registered office

Nunn Brook Road
Huthwaite
Sutton-In-Ashfield
Nottinghamshire
NG17 2HU

Independent auditors

Wilder Coe Ltd
Chartered Accountants & Statutory Auditors
1st Floor Sackville House
143-149 Fenchurch Street
London
EC3M 6BL

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Objectives

The long-term objective of Nxstage Medical UK Limited (the 'company') is to deliver profitable sales performance to the NxStage Medical Inc group (the 'group') in order to support continued investment in the group, reduce borrowings and support future dividends to shareholders.

In pursuing this objective, the company intends to maintain sound financial management and avoid excessive risks.

Key business strategies

In pursuit of its objectives the company has a number of key business strategies which have been successfully implemented over recent years.

We aim to secure increased sales through:

- keeping patient health and welfare at the forefront of all our activities;
- providing the best quality dialysis equipment and consumables to our customer base;
- increasing product ranges with our existing customer base;
- the development of new customers in the UK market; and
- introducing new and innovative service models in patient care.

We plan to improve our gross margin levels through the introduction of new product ranges, controlling our logistics and overhead costs and improving manufacturing efficiencies.

We aim to have sufficient local finance for our activities, notwithstanding our ongoing access to additional group funds to enable opportunities to be secured as they arise.

Strategy is continually reviewed by the board in the light of the wider group strategies and performance, and also the changing market conditions, to ensure it remains appropriate to achieve the company's objectives.

Principal risks and uncertainties

The key risk areas of the company are:

- customer tender pricing affecting sales and gross margin;
- the loss of key customer accounts;
- foreign exchange risks.

The company seeks to manage as far as possible the key risks that it faces.

Customer pricing is under continual review and is managed through our sales team, which has continued to be developed during the year. Excellent customer service and product and service quality as well as strong customer relations will continue to mitigate pricing pressures generated by the ongoing funding restrictions faced by the NHS. Further efforts to diversify our activities will also help address this concern.

Debt finance is available internally within the wider group if required. We anticipate our local trading position will be sufficient to support our working capital requirements throughout 2022 and into 2023.

Covid-19

The health and wellbeing of its people is the company's number one priority and a range of measures to protect its staff have been implemented throughout the Covid-19 pandemic. At the same time, the company recognises its vital role in continuing to supply essential healthcare services and products. Due to the dedication, commitment and hard work of its people, the company's supply chains are functioning adequately. Although the company has experienced increased demand, the company continues to monitor the situation and is taking appropriate measures to adapt to the changing market and to ensure that it has adequate stock levels should the demand further increase.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Key performance indicators

The company uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised below:

	2021	2020
	£000	£000
Turnover	10,289	10,811
Profit before taxation	1,165	811

During the year, performance has been satisfactory and as far as the board is aware, this is likely to be the case in the forthcoming year.

Future prospects

The board is confident that the company's strategy will continue to deliver results that meet our shareholders' expectations in the years to come.

Turnover decreased by 5% in the year, but Profit before Tax increased by 44%.

Based on the company's forecasts, this trading position provides access to sufficient working capital for the company to trade on an orderly basis for the foreseeable future.

The company continues to place patient care and wellbeing at the head of its schedule of corporate objectives, and this strategy leads to a culture of providing superior customer service which will drive the company towards its anticipated future success.

Employees

The company seeks to ensure that all employees, job applicants and prospective job applicants are afforded equality of job opportunity in all areas of employment.

The company's Health & Safety Policy fully recognises the company's responsibility for the health and safety of employees and members of the community in which they work.

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees, and on various matters affecting the performance of the company.

Directors' duties

When a director is inducted, they are briefed on the significant responsibility that comes with the role. Directors are responsible for supporting the organisation's mission, maintaining strategic direction, ensuring compliance with all applicable legal requirements and standards, and maintaining the organisation's financial wellbeing. Directors are also able to access external professional advice to strengthen their understanding of the role. In large organisations, it is common for the board to delegate duties through a governance framework, which allows some decision-making to be made by other members of the leadership team. These decisions are regularly reviewed through monthly board meetings, where colleagues representing significant areas of the business are invited to present on key topics.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Our business relationships

To achieve long-term growth, we understand the need to develop and maintain strong business relationships with key stakeholder groups including:

- customers;
- suppliers;
- regulatory bodies;
- employees; and
- communities and environmental impact.

Stakeholder feedback is important to deliver strategic growth, and we continually assess such feedback during 360, contract, and account reviews.

Our employees

Our people are the core of what we do. We actively promote a culture of openness and transparency through the recruitment of excellent and quality employees, whose behaviour is aligned with professional standards and our corporate values. The group has a focused Recruitment and Retention working group that are leading on our strategies for improving vacancy numbers. Outputs from this group have been implemented in 2020 and will continue to do so. These include;

- staff retention rate increased from 87% to 89%;
- newly launched Clinic Manager training/ development programme "fit for role"; and
- reduced time to hire days through improved process from an average of 117 to an average of 107.

We seek to promote the values of collaboration, reliability, excellence and proactivity within our organisation and reward those individuals who demonstrate these qualities, aligned with our business strategy, through a monthly recognition programme.

We regularly consult with our employees around key topics which are important to them and are committed to maintaining clear, bi-directional channels of communication for all through monthly Q&A sessions with the Board and a dedicated email inbox to address queries and concerns our employees may have. We provide various opportunities for our people to deliver feedback, including an annual engagement survey which had an 90% participation rate in 2020/2021, in addition to co-facilitated workshops, which encourages a culture of continuous growth.

Employee development is at the heart of our people strategy; therefore, we invest heavily in a training academy that encompasses both knowledge and skills-based courses. In 2020 this academy had 62 days of training in total.

For our business to grow and succeed, we also conduct regular talent reviews and operate within a strengths- based environment to ensure our employees are provided with the opportunity to do what they do best every single day.

Community

We are committed to strengthening our relationships with the local community. Within the business we have a dedicated Community and Social Committee. Their mission is to provide social events for employees in the local area and to support both local and national charities. Our vision is to improve a sense of community and togetherness both inside and outside of the office, with our colleagues and neighbours. An example of a regular campaign is Choctober in support of the National Kidney Federation, however we also support local homeless and pet charities by organising donations of equipment and food through the office network.

NXSTAGE MEDICAL UK, LTD.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

This report was approved by the board on 29 December 2022 and signed on its behalf.

W. J. Valle
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Principal activity

The principal activity of the company continues to be the promotion, sale and distribution of renal care products manufactured by the group within the United Kingdom.

Directors

The directors who served during the year were:

J. H. Burbank
W. J. Valle

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Wilder Coe Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

NXSTAGE MEDICAL UK, LTD.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

This report was approved by the board on 29 December 2022 and signed on its behalf.

W. J. Valle
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NXSTAGE MEDICAL UK, LTD.

Opinion

We have audited the financial statements of Nxstage Medical UK, Ltd. (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Except for the possible effects of the matters described in the Basis for qualified opinion section of our report, in our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

With respect to tangible fixed assets having additions of £4,556,704 in the year, £3,226,670 of that balance is currently under investigation by the company. This amount relates to an invoice received which is included in accruals. The total amount is in dispute and until the matter is settled, no depreciation is being charged. In addition, an accrual for equipment of £900,000 has been included to reflect a potential charge should the dispute be settled. Owing to the fact that these amounts are currently under investigation by the company, we were unable to obtain sufficient appropriate audit evidence regarding the total value of tangible fixed assets and accruals.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NXSTAGE MEDICAL UK, LTD. (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NXSTAGE MEDICAL UK, LTD. (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:

- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, company law, tax and pensions legislation and distributable profits legislation; and
- Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include the RoHS directive, employment law and health and safety legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

Where irregularities have been found and treatments have differed from what we have expected additional procedures have been conducted to ratify the discrepancies. If the irregularity is financial in nature then samples have been extended, and the irregular items extrapolated to ensure that no material misstatement has occurred. These irregularities are also communicated to management so that they can rectify the discrepancies or provide an explanation for the difference. Where the irregularity is a difference in treatment to what we had expected this has been communicated to management and additional explanation has been added ensure adequate disclosure where necessary.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is

an unavoidable risk that material misstatements may not be detected, even though the audit has been planned

and performed in accordance with ISAs (UK).

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NXSTAGE MEDICAL UK, LTD. (CONTINUED)

Use of our report

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.

Caryl King BSc ACA (Senior Statutory Auditor)
for and on behalf of

Wilder Coe Ltd

Chartered Accountants & Statutory Auditors
1st Floor Sackville House
143-149 Fenchurch Street
London
EC3M 6BL

Date: 30 December 2022

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	10,288,779	10,810,988
Cost of sales		(8,458,625)	(8,873,230)
Gross profit		1,830,154	1,937,758
Administrative expenses		(665,078)	(1,126,980)
Operating profit	5	1,165,076	810,778
Interest receivable and similar income		-	30
Profit on ordinary activities before taxation		1,165,076	810,808
Taxation on profit on ordinary activities	8	(165,356)	(211,356)
Profit for the financial year		999,720	599,452
Retained earnings/(losses) at the beginning of the year		595,152	(4,300)
Profit for the year		999,720	599,452
Retained earnings at the end of the year		1,594,872	595,152

The notes on pages 13 to 21 form part of these financial statements.

NXSTAGE MEDICAL UK, LTD.
REGISTERED NUMBER: 07857151

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	9	5,887,433	1,700,218
Current assets			
Stocks	10	1,149,839	1,683,794
Debtors	11	1,680,884	1,588,980
Cash at bank and in hand		1,396,960	1,924,077
		<u>4,227,683</u>	<u>5,196,851</u>
Creditors: amounts falling due within one year	12	(6,910,175)	(4,856,990)
Net current (liabilities)/assets		(2,682,492)	339,861
Total assets less current liabilities		<u>3,204,941</u>	<u>2,040,079</u>
Provisions for liabilities			
Deferred tax		292,619	127,477
Net assets		<u><u>2,912,322</u></u>	<u><u>1,912,602</u></u>
Capital and reserves			
Alloted, called up and fully paid share capital		1,317,450	1,317,450
Profit and loss account		1,594,872	595,152
Equity shareholder's funds		<u><u>2,912,322</u></u>	<u><u>1,912,602</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

29 December 2022.

W. J. Valle

Director

The notes on pages 13 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. General information

NxStage Medical UK, Ltd. (Company number: 07857151), having its registered office and principal place of business at Nunn Brook Road, Huthwaite, Sutton-In-Ashfield, Nottinghamshire, NG17 2HU, is a private limited company incorporated in England and Wales.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Statement of Cash Flows

The Company has taken advantage of the exemption in Financial Reporting Standard 102, Section 1.12 from the requirement to provide a Statement of Cash Flows on the grounds that it is a qualifying entity and the ultimate parent prepares consolidated group accounts.

2.3 Turnover

Turnover 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. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.5 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- Straight-line between 5 and 7 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Income and Retained Earnings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Creditors

Short-term creditors are measured at the transaction price.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is British Pound Sterling (GBP).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.14 Related party transactions

Where a transaction is not undertaken under normal commercial terms and is made to either an owner holding a participating interest in the entity, an entity in which the entity itself has a participating interest, or a director of the company it is deemed to be a related party transaction and must be disclosed.

Where such transactions exist the note to the financial statements must indicate the amount of the transactions, the nature of the related party, and any other information necessary for an understanding of the financial position of the entity.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Included in fixed assets and accrued expenses are amounts that are subject to some estimation uncertainty when determining the likely settlement value. The range of estimation uncertainty for some of these amounts could be material.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Sales to customers	10,288,304	10,252,484
Intercompany recharges	475	558,504
	<u>10,288,779</u>	<u>10,810,988</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	10,288,304	10,258,135
Rest of Europe	-	(5,651)
Rest of the world	475	558,504
	<u>10,288,779</u>	<u>10,810,988</u>

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	51,379	(263,844)
Other operating lease rentals	<u>-</u>	<u>6,022</u>

6. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>15,000</u>	<u>14,500</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	(20,867)	390,178
Social security costs	628	28,306
Cost of defined contribution scheme	-	62,391
	<u>(20,239)</u>	<u>480,875</u>

Employee severance pay of £Nil (2020: £160,952) is accrued at the year end.

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

	2021 No.	2020 No.
Employees	<u>4</u>	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits		
Deferred tax		
Origination and reversal of timing differences	<u>165,356</u>	<u>211,356</u>
Taxation on profit on ordinary activities	<u>165,356</u>	<u>211,356</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,165,076</u>	<u>810,808</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	221,364	154,054
Effects of:		
Expenses not deductible for tax purposes	221	2,753
Capital allowances for year in excess of depreciation and impairment	(274,148)	(202,638)
Creation of tax losses	52,563	45,831
Deferred tax charge	165,356	211,356
Total tax charge for the year	<u>165,356</u>	<u>211,356</u>

Factors that may affect future tax charges

As at 31 December 2021, there were tax losses of £276,648 (2020: £Nil) which were available for offset against future tax profits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2021	3,968,297
Additions	4,556,704
At 31 December 2021	<u>8,525,001</u>
Depreciation	
At 1 January 2021	2,268,079
Charge for the year	369,489
At 31 December 2021	<u>2,637,568</u>
Net book value	
At 31 December 2021	<u>5,887,433</u>
<i>At 31 December 2020</i>	<u><u>1,700,218</u></u>

10. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>1,149,839</u>	<u>1,683,794</u>

11. Debtors

	2021 £	2020 £
Amounts due within one year		
Trade debtors	1,587,150	1,410,144
Other debtors	93,734	178,836
	<u>1,680,884</u>	<u>1,588,980</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	252,283	274,620
Amounts owed to group undertakings	1,947,389	3,919,233
Accruals and deferred income	4,710,503	663,137
	<u>6,910,175</u>	<u>4,856,990</u>

13. Deferred taxation

	2021 £	2020 £
At beginning of year	(127,477)	83,879
Charged to profit or loss	(165,142)	(211,356)
At end of year	<u>(292,619)</u>	<u>(127,477)</u>

The deferred taxation balance is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(345,182)	(127,477)
Tax losses carried forward	<u>52,563</u>	<u>-</u>

14. Related party transactions

The Company has taken advantage of Section 33.1A of FRS 102 in not disclosing transactions between wholly-owned members of a group.

15. Ultimate parent undertaking

As at 31 December 2021 and 31 December 2020, the ultimate parent undertaking was Fresenius Medical Care AG & Co. KGaA, a listed company incorporated in Germany.

Consolidated financial statements are available from the following address:

Else-Kröner-Straße 1,

61352 Bad Homburg v.d. Höhe,

Germany

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