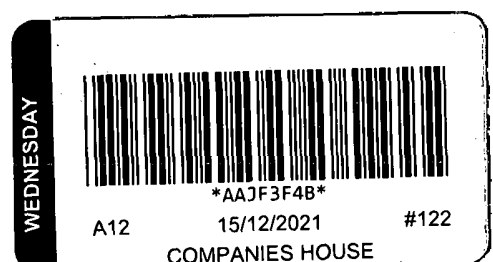


Fresenius Kabi Limited, Registered Number: 02182135 (England and Wales)

**Strategic Report, Directors' Report and  
Audited Financial Statements for the  
Year Ended 31 December 2020  
For  
Fresenius Kabi Limited**



**Contents of the Financial Statements for the Year Ended 31 December 2020**

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Fresenius Kabi Limited, Registered Number: 02182135 (England and Wales)

**Company Information for the Year Ended 31 December 2020**

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**DIRECTORS:**

M J G Crouton

J R Ducker

N C Matic

F Lucassen

**REGISTERED OFFICE:**

Cestrian Court

Eastgate Way

Manor Park

Runcorn

Cheshire

WA7 1NT

**REGISTERED NUMBER:**

02182135 (England and Wales)

**INDEPENDENT AUDITOR:**

Rödl & Partner Limited

170 Edmund Street

Birmingham

B3 2HB

## Strategic Report for the Year Ended 31 December 2020

The Directors present their Strategic Report of the Company for the year ended 31 December 2020.

### PRINCIPAL ACTIVITIES

The principal activities of the Company in the year under review were those of the sale and distribution of intravenous fluids, urological solutions, enteral and parenteral nutrition products, pharmaceuticals and related healthcare and homecare services. The Company operates in the United Kingdom and Ireland.

### FRESENIUS GROUP - CARING FOR HEALTH WORLDWIDE

The Company is a member of the Fresenius global health care group, whose ultimate parent company is based in Germany. The group had consolidated sales in 2020 of over €36 billion and employed over 311,000 people providing healthcare products and services. The group comprises four business segments - Fresenius Kabi (IV drugs, clinical nutrition, infusion therapies, medical devices and transfusion technology), Fresenius Medical Care (dialysis), Fresenius Helios (private hospital operation) and Fresenius Vamed (projects and services for hospitals and other health care facilities).

Fresenius Kabi operates in the United Kingdom via a holding company; FHC (Holdings) Limited, which has two principal trading subsidiaries; Fresenius Kabi Limited and Calea UK Limited.

### REVIEW OF BUSINESS

The results for the year are shown on page 10 of the financial statements. The Directors are satisfied with the trading performance of the Company. Turnover increased by 6.5% to £141.1m due to growth in new and existing contracts. Gross profit margin increased by 9.4% due to increased demand for higher margin products.

Operating profit decreased by £5.6m to a £1.9m loss primarily due to increased costs.

### Business Objectives

The prime business objective is to deliver sustainable growth in shareholder value. The Directors believe that the 'Caring for Life' ethos of the Company places it in a good position to achieve this objective, with a good balance of price and service to its customers.

### Turnover

During the year under review, the Company achieved turnover of £141.1m, an increase of 6.5% compared to the previous year.

### Operating Profit

Operating profit decreased from £3.7m to a £1.9m loss in 2020.

### Key Performance Indicators

Financial Metrics	2020	2019	Change
Turnover	£141.1m	£132.5m	6.5%
Gross profit	£52.5m	£36.8m	42.7%
Gross profit margin	37.2%	27.8%	9.4%
Operating (loss)/profit	(£1.9m)	£3.7m	(151.4%)
Operating (loss)/profit margin	(1.3%)	2.8%	(4.1%)
Number of days sales outstanding (DSO)	72	65	7
<b>People</b>			
Average number of employees	370	365	1.4%

### Shareholder's Funds

Shareholder's Funds decreased by £2.4m from £10.1m to £7.7m due to the loss for the year of £0.6m and losses on the re-measurement of net defined benefit pension liabilities (-£2.4m) partially offset by gains on cash flow hedges (£0.4m) and foreign currency translation (£0.2m). No dividends were paid in the year and there were no changes in issued share capital.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

### **Covid Impact**

The Company's operational response to the crisis has demonstrated best practice techniques and policies in the workplace and has put the wellbeing and safety of our employees first.

The Company was well positioned to provide critical supplies to its customers at this unprecedented time, and overall the pandemic has had a positive impact on the financial performance and position of the business. The Company will continue to support the UK health economy as it recovers in future years, including continued treatments for Covid, as well as meeting the backlog of medical procedures that have been cancelled since the crisis took hold in March 2020.

### **Pension Costs**

A number of the Company's employees are members of either the Fresenius Health Care Group Pension Scheme or the Fresenius Health Care Group Pension Scheme Ireland. Both schemes are defined benefit schemes sponsored by Fresenius Kabi Limited and other UK subsidiaries of Fresenius SE & Co. KGaA. The latest actuarial valuations were finalised as at 1 January 2017 (UK branch scheme) and 31 December 2015 (Ireland branch scheme) and both have been updated for FRS 102 purposes to 31 December 2020, showing an aggregate actuarial deficit of £6.1m (2019 - £6.0m).

As the principal employer, Fresenius Kabi Limited bears the risk of fluctuating liabilities of both schemes. In order to minimise the impact of these fluctuating liabilities, the following measures have been implemented:

- Fresenius Health Care Group Pension Scheme was closed to new members with effect from 1 May 2005, the scheme is closed to further accrual and a pension restructuring exercise has been completed.
- Fresenius Health Care Group Pension Scheme Ireland is closed to new members.

### **Foreign Currency Risk**

The Company has transactional currency exposure risk where purchases and sales arise in currencies other than the functional currency. It is the Company's policy to hedge such risks, where material and practical, using forward foreign currency exchange contracts arranged through a Group Treasury function at the Group German Headquarters.

At 31 December 2020 the Company had outstanding forward foreign exchange contracts amounting to the equivalent of £20.7m (2019 - £18.4m).

### **Price, Credit, Liquidity and Cash Flow**

The Company operates in markets characterised by price pressure, competition and efforts to contain health care costs. Therefore, markets are continually monitored whilst maintaining close contact with customers, suppliers and other business partners, thus enabling swift identification of and reaction to changes in the business environment. Furthermore, the Company seeks to offer the best balance of price and quality whilst also offering a range of value-added services. All new customers are evaluated through creditworthiness checks. Outstanding balances are checked regularly and the risk of default assessed on a timely basis. The group four tier reporting process (local entity, region, business segment and Group) ensures an intensive analysis and control of all financial data and key figures on a monthly and quarterly basis against previous period, budget and forecast. This reporting system includes a review of liquidity and cash flow over the short and medium term to highlight any possible risk exposure.

### **Intellectual Property and Legal Challenges**

Fresenius Kabi Limited ('the Company') may be subject to challenges relating to the validity of contracts or its patents or alleging infringement by the Company of intellectual property (IP) rights of others, which might result in cessation of the Company's product sales, litigation and/or settlement costs and/or loss of earnings. Litigation involves significant costs and uncertainties.

### **Britain Exiting the European Union**

The Company continues to actively evaluate and mitigate any residual risk due to Britain leaving the European Union. These risks continue to be monitored through a Brexit risk register which also documents associated management actions and review. The only significant risk specific to the Company relates to product supply but this has successfully been mitigated through proactive operational planning which has secured continuity of supply in the short and medium term.

## **SECTION 172(1) STATEMENT**

The Company is part of a wider UK Group, of which the Board of Directors is largely consistent. The Directors meet periodically through the year to review business operations including a commercial review of each legal entity, governance issues and long-term strategy of the Group.

### **Responsibility and Accountability**

Each Board member has a clear understanding of their responsibilities and accountabilities. The Directors understand that their role is to safeguard the Company and all its stakeholders, and to promote the success of the business. The Directors undertake regular training to ensure that their roles and responsibilities are understood, including training on the prevention of money laundering.

### **Employees**

The Directors place considerable value on the involvement of the Company's employees and continue to keep everyone informed on matters affecting them as employees of the Company. This is achieved through a range of methods including formal communication briefings, Company wide emails and bulletins, the Company magazine and official notice boards.

For many years, the Company has worked under a system of corporate values to bring everyone together and to set high standards. Further employee engagement is encouraged through Company wide surveys and the employee engagement forum.

All new employees attend a formal induction session to introduce them to the Company. Due to the nature of the business, certain training is mandatory for all employees to ensure compliance on an annual basis. However, ongoing training and development is strongly promoted throughout the year and a wide range of opportunities exist in a variety of formats via the Company's learning and development team.

The Company promotes equal opportunities and fair treatment for all its employees regardless of race, nationality, religion, age, sexual orientation, disability or social background. The Company actively seeks to ensure compliance with the Modern Slavery Act 2015, with all employees, including the Directors required to complete regular online training. As part of the wider Group's code of ethics, the Company has a whistleblowing policy in place to enable employees to raise concerns.

### **Customers**

The Company's customers are central to its daily activities through the delivery of its products. As such, engagement is established regularly at all levels, especially via the sales, nursing, medical information, customer and patient services teams.

### **Suppliers**

The Company's purchasing, supply chain and quality assurance teams work closely with suppliers, through long term agreements where relevant, to ensure procurement of strictly high-quality products that conform to the Company's specifications and standards.

### **Regulators**

The Company operates in a regulated environment in relation to its products and therefore values clear, open communication channels with the regulatory bodies, mainly through its regulatory affairs and quality assurance teams, to ensure proper compliance at all times.

### **Data Management**

The Company makes every effort to ensure compliance with GDPR and the safeguarding of data held by the Company. Processes and procedures have been put in place to meet the GDPR requirements and all employees are required to complete online training on GDPR compliance.

## **ON BEHALF OF THE BOARD:**



N C Matic - Director

Date: 29 November 2021

**Directors' Report for the Year Ended 31 December 2020**

The Directors present their report with the financial statements of the Company for the year ended 31 December 2020.

**DIVIDENDS**

No dividends were distributed for the year end 31 December 2020 (2019:none).

**DIRECTORS**

The Directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

M J G Crouton  
J R Ducker  
N C Matic  
F Lucassen

Changes in Directors holding office were as follows:

C L Stanley - appointed 3 February 2020 and resigned 30 September 2021  
R Newton - resigned 2 April 2020

None of the Directors had any beneficial interests in the issued share capital of the Company.

**FINANCIAL INSTRUMENTS**

Details of the financial instruments operated by the Company are disclosed in the Strategic Report.

**GOING CONCERN**

The Company has net current assets of £5.6m at 31 December 2020 (2019: £11.2m). As a critical supplier to the NHS, the Company is classed as an essential business and, therefore, has been fully operational throughout the period of the Covid-19 pandemic. The Directors have assessed the Company's ability to continue as a going concern and have concluded that the financial statements should be prepared on a going concern basis. More detail on this can be found in note 1.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**ON BEHALF OF THE BOARD:**



N C Matic - Director

Date: 29 November 2021

**Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements for the Year Ended 31 December 2020**

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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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 '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 and then apply them consistently;
- make judgements and accounting 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## **Independent Auditor's Report to the Members of Fresenius Kabi Limited**

### **Opinion**

We have audited the financial statements of Fresenius Kabi Limited (the 'Company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, 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).

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 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss 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 opinion**

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 Auditor's 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 UK, including the FRC'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.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Independent Auditor's Report to the Members of Fresenius Kabi Limited - continued**

**Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the Directors**

As explained more fully in the Statement of Directors' responsibilities set out on page 6, 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.

**Auditor's 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 auditor's 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:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

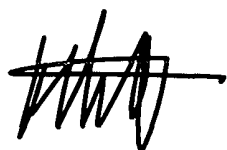
**Independent Auditor's Report to the Members of Fresenius Kabi Limited - continued**

**Auditor's responsibilities for the audit of the financial statements - continued**

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Imran Farooq (Senior Statutory Auditor)  
for and on behalf of Rödl & Partner Limited, Statutory Auditor

170 Edmund Street  
Birmingham  
B3 2HB

Date: 29th Nov, 2021

**Profit and Loss Account for the Year Ended 31 December 2020**

	Notes	2020 £'000	2019 £'000
<b>TURNOVER</b>	2	<b>141,147</b>	132,494
Cost of sales		<u>(88,651)</u>	<u>(95,655)</u>
<b>GROSS PROFIT</b>		<b>52,496</b>	36,839
Distribution costs		(6,890)	(6,465)
Administrative expenses		<u>(47,491)</u>	<u>(26,649)</u>
<b>OPERATING (LOSS)/PROFIT</b>	5	<b>(1,885)</b>	3,725
Interest receivable and similar income	6	1,579	795
Interest payable and similar expenses	7	<u>(1,280)</u>	<u>(200)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(1,586)</b>	4,320
Tax on loss/(profit)	8	<u>941</u>	<u>(1,641)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>(645)</b></u>	<u>2,679</u>

The above results were derived from continuing operations.

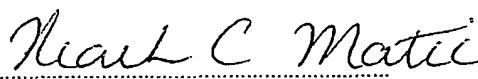
**Other Comprehensive Income for the Year Ended 31 December 2020**

	<b>2020</b> <b>£'000</b>	2019 £'000
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b>(645)</b>	2,679
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Foreign currency translation difference	<b>231</b>	(183)
Re-measurements of net defined benefit pension scheme liabilities	<b>(2,956)</b>	(1,819)
Re-measurement of net employer financed retirement benefit scheme	<b>(148)</b>	(98)
Effective portion of changes in fair value of cash flow hedges	<b>653</b>	(410)
Net change in fair value of cash flow hedges recycled to profit and loss	<b>(167)</b>	51
Income tax relating to components of other comprehensive (loss)/income	<b>596</b>	387
<b>OTHER COMPREHENSIVE (LOSS) FOR THE YEAR, NET OF INCOME TAX</b>	<b>(1,791)</b>	(2,072)
<b>TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR</b>	<b>(2,436)</b>	607

**Balance Sheet for the Year Ended 31 December 2020**

	Notes	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	9,220	6,675
<b>CURRENT ASSETS</b>			
Stocks	10	34,148	29,389
Debtors: amounts falling due within one year	11	46,971	37,982
Debtors: amounts falling due after more than one year	11	119	49
		<u>81,238</u>	<u>67,420</u>
<b>CREDITORS</b>			
Amounts falling due within one year	12	<u>(75,605)</u>	<u>(56,246)</u>
<b>NET CURRENT ASSETS</b>		<u>5,633</u>	<u>11,174</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>14,853</b>	<b>17,849</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	13	(3)	(119)
<b>PROVISIONS FOR LIABILITIES</b>	17	(1,027)	(1,610)
<b>PENSION LIABILITY</b>	20	<u>(6,115)</u>	<u>(5,976)</u>
<b>NET ASSETS</b>		<u>7,708</u>	<u>10,144</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	6,000	6,000
Capital reserve	19	6	6
Cash flow hedging reserve	19	151	(243)
Retained earnings	19	<u>1,551</u>	<u>4,381</u>
<b>SHAREHOLDER'S FUNDS</b>		<u>7,708</u>	<u>10,144</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 November 2021 and were signed on its behalf by:

  
 N C Matic - Director

**Statement of Changes in Equity for the Year Ended 31 December 2020**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Capital reserve £'000</b>	<b>Cash flow hedging reserve £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2019</b>	6,000	3,189	6	55	9,250
<b>Total comprehensive (loss)/income for the period</b>					
Profit	-	2,679	-	-	2,679
Other comprehensive income/(loss) (note 19)	-	(1,774)	-	(298)	(2,072)
<b>Total comprehensive income/(loss) for the period</b>	-	905	-	(298)	607
<b>Transactions with owners recorded directly in equity</b>					
Equity settled share-based payment transactions	-	287	-	-	287
Total contributions by and distributions to owners	-	287	-	-	287
<b>Balance at 31 December 2019</b>	<b>6,000</b>	<b>4,381</b>	<b>6</b>	<b>(243)</b>	<b>10,144</b>

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Capital reserve £'000</b>	<b>Cash flow hedging reserve £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 January 2020</b>	6,000	4,381	6	(243)	10,144
<b>Total comprehensive (loss)/income for the period</b>					
Loss	-	(645)	-	-	(645)
Other comprehensive (loss) (note 19)	-	(2,185)	-	394	(1,791)
<b>Total comprehensive income/(loss) for the period</b>	-	(2,830)	-	394	(2,436)
<b>Transactions with owners recorded directly in equity</b>					
Equity settled share-based payment transactions	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>6,000</b>	<b>1,551</b>	<b>6</b>	<b>151</b>	<b>7,708</b>

The notes on pages 14 to 35 form part of these financial statements

**Notes to the Financial Statements for the Year Ended 31 December 2020**

**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

Fresenius Kabi Limited is a Company limited by shares and incorporated, domiciled and registered in the UK. The registered number is 02182135 and the registered address is Cestrian Court, Eastgate Way, Manor Park, Runcorn, Cheshire, WA7 1NT.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Fresenius SE & Co. KGaA includes the Company in its consolidated financial statements. The consolidated financial statements of Fresenius SE & Co. KGaA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 61352 Bad Homburg, v.d.H, Germany.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash flow statement and related notes; and
- The requirements of Section 33 Related Party Disclosures.

As the consolidated financial statements of Fresenius SE & Co. KGaA include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

**Measurement convention**

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

**Going concern**

The Company has net current assets of £5.6m at 31 December 2020 (2019: £11.2m). As a critical supplier to the NHS, the Company is classed as an essential business and, therefore, has been fully operational throughout the period of the COVID-19 pandemic.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 14 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including a sensitivity on working capital and the crystallisation of risks, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The Company participates in a cash pooling arrangement operated by Fresenius SE & Co KGaA. Under this arrangement the Company's cash balances are automatically swept into centrally controlled funds at the close of each business day. Sufficient funds are transferred back to the Company whenever required in order to settle its liabilities as they fall due.



## **1. ACCOUNTING POLICIES – continued**

### **Going concern – continued**

In addition, the Company participates in cash deposit arrangements operated by Fresenius SE & Co KGaA. Under this arrangement, the Company is able to deposit excess cash to earn interest. The amounts deposited are controlled by the Company and this cash can be repaid to the Company at any time with 2 business days notice. At 31 October 2021, the Company has access to £25.3m of cash via this arrangement. These funds are sufficient to enable the Company to meet its liabilities as they fall due for both the base case forecast and under all modelled downside scenarios.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

### **Turnover**

Turnover represents amounts invoiced in respect of the sale of intravenous fluids, urological solutions, parenteral nutrition compounds, enteral nutrition products, related ancillary equipment, dialysis systems, related disposables and pharmaceutical products and is considered by the Directors to constitute a single class of business. Turnover is recognised at the point of dispatch of the goods and services and is stated exclusive of value added tax and trade discounts.

### **Accounting estimates and judgements**

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

The Company has also made estimates over the recoverability of its trade receivables and made such allowances against these amounts as deemed necessary.

### **Operating leases**

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

### **Interest receivable and Interest payable**

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and Interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued**

**1. ACCOUNTING POLICIES – continued**

**Fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings. The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Leasehold improvements	-	remaining period until vacation of the property
Plant and machinery	-	3-10 years (33%-10% per annum)
Assets under construction	-	not depreciated until asset is in use

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## 1. ACCOUNTING POLICIES – continued

### Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

### Employee benefits

#### Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

#### Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to, the terms of the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

#### Group Plans

The Company participates in two defined benefit pension plans, one for each of its UK and Ireland branches. The UK branch plan is a multi-employer plan including other group companies, whereas the Ireland branch scheme is not.

This Company is the entity legally responsible for the UK branch group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to the other participating entities, the net defined benefit cost of the pension plan and the net defined benefit liability are recognised fully by this Company, in its capacity of being legally responsible for the plan. The other participating entities each recognise a cost equal to its respective contributions payable for the period.

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued**

**1. ACCOUNTING POLICIES – continued**

**Classification of financial instruments issued by the Company**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

**Basic financial instruments**

**Trade and other debtors / creditors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

**Other financial instruments**

**Financial instruments not considered to be Basic financial instruments (Other financial instruments)**

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

**Derivative financial instruments and hedging**

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

**Cash flow hedges**

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other Comprehensive Income (OCI). Any ineffective portion of the hedge is recognised immediately in profit or loss.

**1. ACCOUNTING POLICIES – continued**

**Cash flow hedges - continued**

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively, when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

**Impairment excluding stocks and deferred tax assets**

**Financial assets (including trade and other debtors)**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit "CGU"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated CGUs that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****1. ACCOUNTING POLICIES – continued****Non-financial assets – continued**

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

**Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**Dividends**

Dividend distribution to the Company's shareholder is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

**2. TURNOVER**

The turnover and (loss)/profit before taxation are attributable to the principal activities of the Company.

An analysis of turnover by class of business is given below:

	2020 £'000	2019 £'000
Sale and distribution of pharmaceuticals and related healthcare and homecare services	<u>141,147</u>	<u>132,494</u>

An analysis of turnover by geographical market is given below:

	2020 £'000	2019 £'000
United Kingdom	121,656	115,294
Europe	<u>19,491</u>	<u>17,200</u>
	<u>141,147</u>	<u>132,494</u>

**3. EMPLOYEES AND DIRECTORS**

	2020 £'000	2019 £'000
Wages and salaries	15,853	15,467
Social security costs	1,821	1,613
Other pension costs	<u>1,197</u>	<u>1,163</u>
	<u>18,871</u>	<u>18,243</u>

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued**

**3. EMPLOYEES AND DIRECTORS – continued**

The average number of employees during the year was as follows:

	2020	2019
	No.	No.
Sales and administration	224	221
Distribution and nursing	146	144
	<u>370</u>	<u>365</u>

**4. DIRECTORS' EMOLUMENTS**

	2020	2019
	£	£
Directors' remuneration	511,727	881,159
Directors' pension contributions to money purchase schemes	<u>26,365</u>	<u>118,066</u>

The number of Directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

No Directors exercised share options during the year (2019 – one Director).

Two Directors received shares under long term incentive schemes (2019 – four Directors).

Information regarding the highest paid Director is as follows:

	2020	2019
	£	£
Emoluments etc.	238,542	242,902
Pension contributions to money purchase schemes	20,195	82,378
Accrued pension	<u>-</u>	<u>82,247</u>

The highest paid Director received shares under a long-term incentive scheme during the year.

**5. OPERATING PROFIT**

Included in the profit and loss account are the following:

	2020	2019
	£'000	£'000
Impairment loss on inventories	(573)	(2,604)
Impairment loss on trade debtors	(982)	(435)
Release of unused provisions	<u>583</u>	<u>5,094</u>

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****5. OPERATING PROFIT – continued****Auditor's remuneration:**

	2020 £'000	2019 £'000
Audit of these financial statements	45	85
Amounts receivable by the Company's auditor in respect of:		
- Audit of financial statements of parent Company and fellow subsidiary Company	15	46
- Taxation compliance services	-	16

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020 £'000	2019 £'000
Interest receivable on loans to group undertakings	5	92
Net foreign exchange gain	1,569	703
Other interest receivable	5	-
	<u>1,579</u>	<u>795</u>

**7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020 £'000	2019 £'000
Net interest expense on net defined benefit scheme liabilities	86	44
Other interest payable	1,194	156
	<u>1,280</u>	<u>200</u>

**8. TAXATION****Analysis of the tax (credit)/charge**

The tax charge on the (loss)/profit for the year was as follows:

	2020 £'000	2019 £'000
<b>Current tax:</b>		
Current tax on (loss)/income for the period	(981)	899
Adjustments in respect of prior periods	(487)	434
Total current tax	<u>(1,468)</u>	<u>1,333</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	122	183
Adjustments in respect of prior periods	(191)	(262)
Total deferred tax	<u>(69)</u>	<u>(79)</u>
Tax on (loss)/profit	<u>(1,537)</u>	<u>1,254</u>



**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****8. TAXATION - continued**

	<b>2020</b>			<b>2019</b>		
	<b>Current tax £'000</b>	<b>Deferred tax £'000</b>	<b>Total tax £'000</b>	<b>Current tax £'000</b>	<b>Deferred tax £'000</b>	<b>Total tax £'000</b>
Recognised in profit and loss account	<b>(1,468)</b>	<b>527</b>	<b>(941)</b>	1,333	308	1,641
Recognised in other comprehensive income	-	<b>(596)</b>	<b>(596)</b>	-	<b>(387)</b>	<b>(387)</b>
<b>Total tax</b>	<b><u>(1,468)</u></b>	<b><u>(69)</u></b>	<b><u>(1,537)</u></b>	<b><u>1,333</u></b>	<b><u>(79)</u></b>	<b><u>1,254</u></b>

**Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2020 £'000</b>	<b>2019 £'000</b>
(Loss)/profit for the year	<b>(645)</b>	2,679
Total tax (credit)/expense	<b><u>(941)</u></b>	<b><u>1,641</u></b>
(Loss)/profit before tax	<b><u>(1,586)</u></b>	<b><u>4,320</u></b>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	<b>(301)</b>	821
Effects of:		
Expenses not deductible for tax purposes	<b>38</b>	716
Adjustments to tax charge in respect of previous periods	<b>(678)</b>	172
Difference between corporation tax and deferred tax rates on timing differences	-	<b>(68)</b>
<b>Total tax (credit)/expense included in profit and loss</b>	<b><u>(941)</u></b>	<b><u>1,641</u></b>

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****8. TAXATION – continued****Tax effects relating to effects of other comprehensive income**

<b>2020</b>	<b>Gross £'000</b>	<b>Tax £'000</b>	<b>Net £'000</b>
Foreign currency translation difference	231	-	231
Re-measurements of net defined benefit pension scheme liabilities	(2,956)	645	(2,311)
Re-measurement of net employer financed retirement benefit scheme	(148)	43	(105)
Effective portion of changes in fair value of cash flow hedges	653	(124)	529
Net change in fair value of cash flow hedges recycled to profit and loss	(167)	32	(135)
Equity-settled share-based payment transactions	-	-	-
	<b>(2,387)</b>	<b>596</b>	<b>(1,791)</b>
<b>2019</b>	<b>Gross £'000</b>	<b>Tax £'000</b>	<b>Net £'000</b>
Foreign currency translation difference	(183)	-	(183)
Re-measurements of net defined benefit pension scheme liabilities	(1,819)	309	(1,510)
Re-measurement of net employer financed retirement benefit scheme	(98)	17	(81)
Effective portion of changes in fair value of cash flow hedges	(410)	70	(340)
Net change in fair value of cash flow hedges recycled to profit and loss	51	(9)	42
Equity-settled share-based payment transactions	287	-	287
	<b>(2,172)</b>	<b>387</b>	<b>(1,785)</b>

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 was calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. Therefore, the 19% rate has been used to calculate the deferred tax asset as at 31 December 2020. An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly and increase the deferred tax asset by £626,000.

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****9. TANGIBLE FIXED ASSETS**

	<b>Leasehold improvements £'000</b>	<b>Plant and machinery £'000</b>	<b>Assets under construction £'000</b>	<b>Totals £'000</b>
<b>COST</b>				
As at 1 January 2020	2,558	15,878	495	18,931
Additions	1,516	1,952	1,010	4,478
Disposals	-	-	(45)	(45)
Exchange differences	3	14	-	17
Transfer to ownership	141	9	(150)	-
<b>As at 31 December 2020</b>	<b>4,218</b>	<b>17,853</b>	<b>1,310</b>	<b>23,381</b>
<b>DEPRECIATION</b>				
At 1 January 2020	2,071	10,185	-	12,256
Change for year	315	1,578	-	1,893
Exchange differences	3	9	-	12
<b>At 31 December 2020</b>	<b>2,389</b>	<b>11,772</b>	<b>-</b>	<b>14,161</b>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2020</b>	<b>1,829</b>	<b>6,081</b>	<b>1,310</b>	<b>9,220</b>
At 31 December 2019	487	5,693	495	6,675

**10. STOCKS**

	<b>2020 £'000</b>	<b>2019 £'000</b>
Finished goods	<b>34,148</b>	<b>29,389</b>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £84,900,000 (2019 - £90,800,000). The write down of stocks to net realisable value amounted to £573,000 (2019 - £2,604,000). The write down is included in cost of sales.

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****11. DEBTORS**

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	27,796	23,559
Amounts owed by group undertakings	11,009	5,203
Other debtors	194	126
Other financial assets (note 15)	295	-
Tax receivable	2,292	2,447
VAT receivable	-	388
Deferred tax asset (note 16)	1,982	1,902
Prepayments and accrued income	3,403	4,357
	<u>46,971</u>	<u>37,982</u>
Amounts falling due after more than one year:		
Prepayments and accrued income	119	49
Aggregate amounts	<u>47,090</u>	<u>38,031</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £'000	2019 £'000
Trade creditors	9,162	9,029
Amounts owed to group undertakings	39,709	31,103
Social security and other taxes	1,023	1,050
Other financial liabilities (note 15)	50	388
VAT payable	1,074	-
Accrued expenses	24,587	14,676
	<u>75,605</u>	<u>56,246</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020 £'000	2019 £'000
Accruals and deferred income	<u>3</u>	<u>119</u>

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued**

**14. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	<b>2,250</b>	2,393
Between one and five years	<b>7,711</b>	7,934
In more than five years	<b>15,517</b>	17,316
	<b><u>25,478</u></b>	<b><u>27,643</u></b>

During the year £3,571,000 was recognised as an expense in the profit and loss account in respect of operating leases (2019 - £1,779,000).

**15. FINANCIAL INSTRUMENTS**

**Financial instruments measured at fair value**

Derivative financial instruments

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

**Fair values**

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	<b>Fair value</b>	<b>Fair value</b>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Derivatives	<b>295</b>	-
Financial liabilities held for trading (including all derivatives)	<b>(50)</b>	(388)
	<b><u>245</u></b>	<b><u>(388)</u></b>

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****16. DEFERRED TAXATION**

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	(528)	(594)	-	-	(528)	(594)
Other timing differences	(1,454)	(1,308)	-	-	(1,454)	(1,308)
Tax (assets) / liabilities	(1,982)	(1,902)	-	-	(1,982)	(1,902)

It is expected that £592,000 of the deferred tax asset will reverse in 2021 as payments to the UK branch defined benefit pension scheme will exceed the profit and loss charge by £3,114,000.

**17. PROVISIONS FOR LIABILITIES**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Other provisions		
Claims	<u>1,027</u>	<u>1,610</u>

	<b>Claims</b>
	<b>£'000</b>
Balance at 1 January 2020	1,610
Charge to profit and loss during year	-
Unused amounts reversed during year	<u>(583)</u>
Balance at 31 December 2020	<u>1,027</u>

**Claims**

A provision is held for £1,027,000 (2019: £1,610,000) to cover the settlement of disputed commercial claims. During 2020, £583,000 (2019: £5,094,000) in relation to these claims was released from the provision as the Directors have determined that due to the passage of time, certain claims that had previously been assessed as probable are now considered to be less than probable. The provision that remains at the balance sheet date is for claims that are expected to be resolved over the next 1-2 years. The inherent nature of disputed commercial claims means that the settlement period may be uncertain. 1-2 years represents the best estimate of settlement period, albeit the claims could be settled outside of this period. No reimbursement is expected.

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****18. CALLED UP SHARE CAPITAL**

	2020 £'000	2019 £'000
<b>Allotted, called up and fully paid</b>		
6,000,002 ordinary shares of £1 each (2019: 6,000,002 ordinary shares of £1 each)	6,000	6,000
	<u>6,000</u>	<u>6,000</u>
 Shares classified as equity		
	6,000	6,000
	<u>6,000</u>	<u>6,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**19. RESERVES**

2020	Retained earnings £'000	Capital reserve £'000	Cash flow hedging reserve £'000	Total £'000
Balance at 1 January 2020	4,381	6	(243)	4,144
Loss for the year	(645)	-	-	(645)
Foreign currency translation difference	231	-	-	231
Re-measurements of net defined benefit liabilities	(2,311)	-	-	(2,311)
Re-measurement of net employer financed defined benefit scheme	(105)	-	-	(105)
Effective portion of changes in fair value of cash flow hedges	-	-	529	529
Net change in fair value of cash flow hedges recycled to profit and loss	-	-	(135)	(135)
Equity-settled share-based payment transactions	-	-	-	-
 <b>Balance at 31 December 2020</b>	<u><b>1,551</b></u>	<u><b>6</b></u>	<u><b>151</b></u>	<u><b>1,708</b></u>

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued**

**19. RESERVES - continued**

<b>2019</b>	<b>Retained earnings £'000</b>	<b>Capital reserve £'000</b>	<b>Cash flow hedging reserve £'000</b>	<b>Total £'000</b>
Balance at 1 January 2019	3,189	6	55	3,250
Profit for the year	2,679	-	-	2,679
Foreign currency translation difference	(183)	-	-	(183)
Re-measurements of net defined benefit liabilities	(1,510)	-	-	(1,510)
Re-measurement of net employer financed defined benefit scheme	(81)	-	-	(81)
Effective portion of changes in fair value of cash flow hedges	-	-	(340)	(340)
Net change in fair value of cash flow hedges recycled to profit and loss	-	-	42	42
Equity-settled share-based payment transactions	287	-	-	287
Balance at 31 December 2019	<u>4,381</u>	<u>6</u>	<u>(243)</u>	<u>4,144</u>

**20. EMPLOYEE BENEFIT OBLIGATIONS**

The Company operates three defined benefit pension schemes as follows:

**UK branch**

The Fresenius Health Care Group Pension Scheme, which is a multi-employer defined benefit pension scheme closed to new members and to further accrual.

**Ireland branch**

The Fresenius Health Care Group Pension Scheme Ireland, which is closed to new members.

**EFRBS**

The Company operates an unfunded retirement scheme, not backed by assets, for the benefit of one Director.

As the Company is legally responsible for all three schemes, the information disclosed below is in respect of the whole of all three schemes and has been combined for presentation on an aggregate basis. Both staff schemes are in deficit while the EFRBS is unfunded, thus no offsetting of surpluses and deficits has taken place within these disclosures.



**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****20. EMPLOYEE BENEFIT OBLIGATIONS – continued**

The amounts recognised in the balance sheet are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Present value of funded obligations	<b>(65,879)</b>	<b>(57,043)</b>
Fair value of plan assets	<b>60,889</b>	<b>52,028</b>
	<b>(4,990)</b>	<b>(5,015)</b>
Present value of unfunded obligations	<b>(1,125)</b>	<b>(961)</b>
Deficit	<b>(6,115)</b>	<b>(5,976)</b>
Net liability	<b>(6,115)</b>	<b>(5,976)</b>

The amounts recognised in profit or loss are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	<b>58</b>	<b>55</b>
Net interest from net defined benefit asset/liability	<b>86</b>	<b>156</b>
Past service cost	<b>9</b>	<b>-</b>
Administrative expenses	<b>250</b>	<b>250</b>
Exchange differences on foreign plans	<b>-</b>	<b>1</b>
	<b>430</b>	<b>462</b>
Actual return on plan assets	<b>8,228</b>	<b>6,444</b>

Changes in the present value of the defined benefit obligation are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	<b>58,004</b>	<b>52,060</b>
Current service cost	<b>58</b>	<b>55</b>
Past service cost	<b>9</b>	<b>-</b>
Contributions by scheme participants	<b>8</b>	<b>8</b>
Interest cost	<b>1,178</b>	<b>1,484</b>
Actuarial gains	<b>10,240</b>	<b>7,029</b>
Benefits paid	<b>(2,581)</b>	<b>(2,553)</b>
Exchange differences on foreign plans	<b>88</b>	<b>(79)</b>
	<b>67,004</b>	<b>58,004</b>

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****20. EMPLOYEE BENEFIT OBLIGATIONS – continued**

Changes in the fair value of scheme assets are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Opening fair value of scheme assets	<b>52,028</b>	45,086
Contributions by employer	<b>3,391</b>	3,350
Contributions by scheme participants	<b>8</b>	8
Expected return	<b>1,092</b>	1,328
Actuarial gains	<b>7,137</b>	5,116
Benefits paid	<b>(2,581)</b>	(2,553)
Exchange differences on foreign plans	<b>64</b>	(57)
Administrative expenses	<b>(250)</b>	(250)
	<b>60,889</b>	52,028

The amounts recognised in other comprehensive income are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial losses	<b>(3,104)</b>	(1,917)
	<b>(3,104)</b>	(1,917)

The major categories of scheme assets as amounts of total scheme assets are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Equities	<b>8,923</b>	12,478
Debt Instruments	<b>46,576</b>	35,055
Property	<b>721</b>	712
Cash and cash equivalents	<b>3,085</b>	596
Other	<b>1,584</b>	3,187
	<b>60,889</b>	52,028

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****20. EMPLOYEE BENEFIT OBLIGATIONS - continued****Principal actuarial assumptions - UK branch defined benefit pension scheme**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	1.45%	2.10%
Pensions-in-payment increase rate	2.70%	2.60%
Deferred pension increase rate	2.00%	1.85%
Price inflation (RPI)	2.80%	2.65%

The last full actuarial valuation was performed as at 01 January 2017 and updated to 31 December 2020, for FRS 102 purposes, by a qualified independent actuary.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Male retiring today (member age 65): 20.9 years
- Male retiring in 20 years (member age 45 today): 22.2 years

**Principal actuarial assumptions - Ireland branch defined benefit pension scheme**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	0.85%	1.25%
Future salary increases	3.00%	2.85%
Pensions in payment increase rate	1.40%	1.35%
Deferred pension increase rate	1.60%	1.35%
Price inflation	1.50%	1.35%

The last full actuarial valuation was performed as at 31 December 2015 and updated to 31 December 2020, for FRS 102 purposes, by a qualified independent actuary.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Male retiring today (member age 65): 23.5 years
- Male retiring in 20 years (member age 45 today): 25.7 years

**Principal actuarial assumptions - Employer Funded Retirement Benefit Scheme (EFRBS)**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	1.45%	2.10%
Future salary increases: LPI (5%)	2.80%	2.65%
Price inflation (CPI)	2.00%	1.85%

The EFRBS valuation was performed by a qualified independent actuary as at 31 December 2020.

**Notes to the Financial Statements for the Year Ended 31 December 2020 - continued****20. EMPLOYEE BENEFIT OBLIGATIONS – continued****Defined contribution scheme**

The Company also operates stakeholder pension schemes for the UK and Ireland branches, which are defined contribution schemes for new employees.

The total expense relating to these schemes for the year was £880,257 (2019 - £857,000).

**21. SHARE-BASED PAYMENT TRANSACTIONS**

The Company is a member of a group share-based payment plan and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group.

The terms and conditions of the grants are as follows:

Grant date/employees entitled	Method of settlement accounting	Number of instruments	Vesting conditions	Contractual life of options
Equity settled award to employees granted by ultimate parent in July 2014	Equity	600	Performance based	28 July 2022
Equity settled award to employees granted by ultimate parent in July 2015	Equity	3,000	Performance based	27 July 2023
Equity settled award to employees granted by ultimate parent in July 2016	Equity	3,450	Performance based	25 July 2024
Equity settled award to employees granted by ultimate parent in July 2017	Equity	4,113	Performance based	31 July 2025
Cash settled award to employees granted by ultimate parent in July 2016	Cash	462	Performance based	25 July 2021
Cash settled award to employees granted by ultimate parent in July 2017	Cash	519	Performance based	31 July 2022
Cash settled award to employees granted by ultimate parent in December 2018	Cash	1,549	Performance based	10 September 2023
Cash settled award to employees granted by ultimate parent in September 2019	Cash	2,581	Performance based	09 September 2024
Cash settled award to employees granted by ultimate parent in September 2020	Cash	3,072	Performance based	14 September 2025

**22. CAPITAL COMMITMENTS**

	2020 £'000	2019 £'000
Contracted but not provided for in the financial statements	-	9

**23. RELATED PARTY DISCLOSURES**

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**24. CONTINGENT LIABILITIES**

The Company has reviewed its VAT position on sales and purchases between 2016 and 2020 made in a country in which it operates. The results of this review have been notified to the relevant authorities and, while considered improbable, could result in liabilities for the Company. At the date of this report, the amount and timing of any claims, penalties and interest that may be due as a result of this review are uncertain.

**25. ULTIMATE CONTROLLING PARTY**

The Company is a wholly owned subsidiary of FHC (Holdings) Limited, a company incorporated in Great Britain, whose ultimate parent company is Fresenius SE & Co. KGaA which is incorporated in Germany.

FHC (Holdings) Limited does not prepare group financial statements. The smallest and largest group in which the results of the Company are consolidated is that headed by Fresenius SE & Co. KGaA. Those group financial statements are available to the public and can be obtained from Fresenius SE & Co. KGaA, 61352 Bad Homburg v.d.H., Germany.